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JPRS Report

East Asia

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JPRS-SEA-88-034

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Bilateral Relations With Bulgaria

42000450a Rangoon *THE WORKING PEOPLE'S DAILY* in English 13 Jul 88 p 4

[U Maung Maung Kha speech]

[Text] Rangoon, 12 July—The following is the speech delivered by U Maung Maung Kha, Prime Minister of the Socialist Republic of the Union of Burma, at the banquet given in his honour by Mr Georgi Ivanov Atanasov, Chairman of the Council of Ministers of the People's Republic of Bulgaria.

Excellency Chairman Mr Georgi Ivanov Atanasov,

Distinguished Guests and Friends,

I should like to thank Your Excellency on behalf of the members of my Delegation and on my own behalf for your kind words of welcome and for the cordial reception that you have given us. My Delegation and I are extremely appreciative of the friendly welcome extended by Your Excellency and by the Government of the People's Republic of Bulgaria since our arrival in your beautiful country despite your onerous duties and heavy commitments at this particular time. The success of our mission will be the true reflection of the friendly spirit we share together.

I deem it a great honour and privilege to be among one of the foremost from the leadership of Burma to visit Bulgaria in recent years. We have come on a goodwill visit to your country to establish personal contacts and to further enhance the ties of friendship between our two countries. I am confident that such contacts will lead to the fulfillment of our mutual desire to develop our bilateral relations.

Burma, like Bulgaria, desires to live in friendship and security with all nations. To this end, Burma has consistently pursued an active and independent foreign policy based on the Five Principles of Peaceful Co-existence among nations and the principles of the United Nations Charter. Our major foreign policy goals have been oriented towards the qualitative enrichment of relations with countries irrespective of the distance, historical background and cultural heritage. Burma shares with Bulgaria a deep commitment to the pursuit of international peace and security. We note with admiration the constructive efforts contributed by Bulgaria towards development and understanding among nations.

Excellency,

I look forward to meeting with the leadership of Bulgaria to exchange views on matters important to our bilateral relations and on the subjects of mutual concern. My Delegation and I also look forward to acquainting ourselves with the wide-ranging economic and social developments taking place in your country. Above all, I hope

that my goodwill visit will contribute towards strengthening the foundations of the bridges of friendship, mutual respect and understanding between our two countries, which the future generations will benefit.

Distinguished Guests and Friends,

May I now request you to join me in a toast:

—to the progress and prosperity of the People's Republic of Bulgaria;

—to lasting friendship between the peoples of Burma and Bulgaria;

—to the health and well-being of His Excellency Mr Todor Zhivkov, President of the State Council of the People's Republic of Bulgaria;

—to the health and well-being of His Excellency Mr Georgi Ivanov Atanasov, Chairman of the Council of Ministers of the People's Republic of Bulgaria; and

—to the health and happiness of the Distinguished Guests and Friends present here.—NAB

/12223

National Solidarity, Socialist Society Termed 'Complimentary'

42000450b Rangoon *THE WORKING PEOPLE'S DAILY* in English 16 Jul 88 p 1

[Text] Rangoon, 15 July—Constructing a socialist society and strengthening national solidarity are complimentary and hence successive Party Congresses have laid down tasks for strengthening national solidarity, pointed out Vice-Chief of Staff (Navy) Rear-Admiral Maung Maung Khin in delivering a speech at the closing ceremony of the regimental-level organizational refresher course No 44 (other ranks), on behalf of the Defence Services Chief of Staff.

The closing ceremony was held at the Central Institute of Political Science this morning.

In his address, Rear-Admiral Maung Maung Khin pointed out that since the trainees were regimental-level organizational committee members, they must have not only military and administrative capabilities but also organizational capability. Hence, training had been given in such a way as to get them imbued with ideological, political, economic, historical and organizational outlooks of the Party, he said.

He urged the trainees to combine the ideological outlooks and political knowledge with the experience gained while performing duties and strive to give more dynamic and effective service.

He also said the task of annihilating the insurgents was meeting with success as a result of the capability of the Tatmadaw and the active participation of the people.

The closing ceremony was attended by personnel of the Party Central Committee Headquarters, Tatmadaw Organizing Committee members, the principal and vice-principal of the CIPS, high-ranking military officers and others.—NAB

/12223

Insurgents Return to Legal Fold
42000436a Rangoon THE WORKING PEOPLE'S
DAILY in English 7 Jul 88 p 8

[Text] Rangoon, 6 July—Realizing their misdeeds, nineteen members of various insurgent groups gave themselves up to the various Tatmadaw camps together with assorted arms and ammunition from 18 to 26 June.

In the Eastern Command area, private Pyinnya of No 404 battalion of the SURA insurgent group surrendered to the Wumhim camp bringing in one M 16 automatic rifle; deputy section leader Ai Pawn and private Ai Swe of No 083 battalion of the Burma Communist Party surrendered to the Saga camp bringing with them one carbine and one M 22 automatic rifle; section leader Ai Sein of No 503 battalion surrendered to the Mongyan camp bringing with him one M 22 automatic rifle; private Ta Tun (alias) Bo Lu Pay of the Pa-O (white) insurgent group surrendered to the Kyabu camp; and private Maung Hlwar surrendered to the Panglaung camp.

In the Northern Command area, private Kyauk Phalun Dawng of No 1 brigade of the KIA insurgent group surrendered to the Tiansook camp; privates Lunkhawn and Lamyatar of the No 3 battalion surrendered to the Waingmaw camp; private Than Pe (alias) Barang Seng of No 3 battalion and private San Tun of No 254 battalion surrendered to the Samar camp; private Tin Htoo of No 251 battalion surrendered to the Myothit camp; and private Davi Yeng of No 253 battalion surrendered to the Naphaw camp bringing in one M 21 automatic rifle.

In the North-West Command area, privates Ma Win Kyaing and Ma Aye Aye of No 5 battalion of the KIA insurgent group surrendered to the Paygon camp.

In the North-East Command area, private Ai Sai of Pansai special region unit of the BCP surrendered to the Kyuhkok (Pansai) camp; private Tu Tu of No 251 battalion of the KIA insurgent group surrendered to the Namhkam camp; and private Sai Tun Shwe of No 1 brigade of the SSA insurgent group surrendered to the Namhkam camp.

In the South-East Command area, private Bihe of No 3 security company of No 7 brigade of the KNU insurgent group surrendered to the Hlaingbwe camp.

/9274

Paper Reports Weaker Mon Insurgents Attacked by KNU

42000436b Rangoon THE WORKING PEOPLE'S
DAILY in English 12 Jul 88 p 8

[Text] Rangoon, 11 July—The KNU insurgents have been attacking the weaker Mon insurgents to extend domination. On 28 June, they engaged in a skirmish at Waithali village, Kya-in-seikkyi Township.

The KNU insurgents attacked and killed four Mon insurgents who were going downstream in a motorized boat from Chaungzon, Kya-in-seikkyi township, to Kunthi Chan on 29 June. The KNU insurgents also took away the firearms.

The KNU insurgents attacked the Mon insurgents at Monzu, Pharpya village, Kya-in-seikkyi Township, at midnight on 30 June killing five Mon insurgents. The insurgents set ablaze the Monzu area of Pharpya village destroying 40 houses and leaving 62 villagers homeless.

The victims evacuated their village and arrived at Tagundaing village on 2 July morning. The Party and People's Council functionaries and responsible personnel are giving them necessary assistance.

/9274

'Turf' Battle Between KNU, Mon Insurgents

42000450c Rangoon THE WORKING PEOPLE'S
DAILY in English 16 Jul 88 p 8

[Text] Kangoon, 15 July—The KNU insurgent group and the Mon insurgent group are continuing the battle for turf.

On 24 July, a group of KNU insurgents clashed with a group of Mon insurgents at Wetsutphyu village in Ye Township and two KNU insurgents were killed and two wounded. Two villagers and one nun also got killed.

On 25 July, a group of KNU insurgents led by Tazay attacked a toll-gate camp of Mon insurgents and three Mon insurgents were killed. The KNU insurgents made off with three firearms and over K 200,000 in cash.

Again on 25 July, a group of KNU insurgents ambushed a group of Mon insurgents at Lakhahu village in Thanbyuzayat Township killing one Mon insurgent and wounding another. The KNU insurgents seized a large-calibre weapon.—NAB

/12223

AFPTC Producing Needed Spare Parts

42000450d Rangoon *THE WORKING PEOPLE'S DAILY* in English 18 Jul 88 p 1

[Text] Rangoon, 17 July—Rubber rollers and abrasive rollers used in rice processing, which previously had to be imported, are now being manufactured by the Agricultural and Farm Produce Trade Corporation in its spare parts factory.

The factory was constructed at Setsan Ward in Mingala Taungnyunt Township, Rangoon, in 1982-83 with the main objective of producing rubber rollers and abrasive rollers for the AFPTC's rice mills.

Among the advantages of using the factory's rubber rollers and abrasive rollers are a reduction in the ratio of broken grain in the finished rice, improvement in the quality of rice bran and less damage being caused on the polished grain surface, it is learnt.

The factory is producing 600 ten-inch-rubber rollers and 120 abrasive rollers per month. It is also producing other spare parts to fill the needs of the AFPTC's rice mills, it is learnt.—NAB

/12223

PEOPLE'S REPUBLIC OF KAMPUCHEA

SRV Pullout; Increasing Ability, Popularity of PRK Noted

42000437b Bangkok *BANGKOK POST* in English
17 Jun 88 p 4

["Kampuchean Diary" column by Jacques Bekaert]

[Excerpt] Military observers are beginning to believe that Vietnam is determined to pull out of Kampuchea. Already last year's withdrawal of 20,000 men has been recognized as genuine. In the past few weeks, several Vietnamese divisions have left their bases in Western Kampuchea, moving toward positions east of the Mekong River. According to a Khmer source, Division 12 went from Prea Vihear to Stung Teng and Kratie, while last April Division 7 moved to Kompong Thom and later to Kratie. In May, Division 8 left Kampot for Svey Rieng. But Division 5 is still in the west and the 309th replaced the 315th in the border area. Growing security responsibilities have indeed been transferred to the local Kampuchean People's Republic Armed Forces (KPRAF) and regional units. This year's withdrawal will start on June 30. If everything goes according to Hanoi's plan to send 50,000 men back home, it will leave a force of about 70,000 Vietnamese soldiers in Kampuchea by the end of 1988.

During recent talks with Thai Foreign Ministry officials, Mr Khieu Samphan declared that the Party of Democratic Kampuchea (PDH) could agree to be present in Jakarta, as long as Hanoi attends the "informal meeting," but gave no firm assurance.

Let's imagine, or dream, that conversations between the parties involved bring a political solution approved by the main sponsors of the warring factions. Then what?

A new regime is launched in what may then be called Cambodia. With who? With Prince Sihanouk, Hun Sen, Son Sann, Khieu Samphan. Yes, but what about the administration. One structure does exist already. It may not be the best in the world, but it is not the worst either. And the present PRK administration has one tremendous advantage. It is there, it does exist, it performs, it's got some training, it lives in the country. Many of its members got their training before 1975. Many joined the present regime either because they genuinely wanted to do something for their poor country, most because they had to survive and working for the state was in 1979-1980 the safest road to a minimum guarantee of food.

I doubt that many Kampucheans in Phnom Penh and elsewhere have a burning passion for Marxism-Leninism (especially at a time when, in practically every socialist country of the world, communists are themselves taking a hard, critical look at the doctrine). At the same time,

many, even among those who hope for a return of Prince Sihanouk, probably accept the present administration for what it is: a machine that more or less makes the country work.

For sure there are lots of able people in the ranks of the resistance. And some badly needed doctors and engineers who are at present living abroad. There are also quite a few old hands that most Kampucheans would rather not see come back. What Kampuchea will need tomorrow (what it needs today are technicians, doctors, nurses, skilled workers and insecticides, rather than ministers and generals. Reconstruction, rather than intrigue.

Vietnamese sources are convinced that in case of general elections, Hun Sen and Prince Norodom Sihanouk would be the undisputable front runners, Hanoi even believes, based on its own recent "polls," that Hun Sen would be the winner. There may be a bit of self-indulgence here. The impact of a return to Kampuchea of Prince Sihanouk should not be underestimated. But indeed Hun Sen appears to enjoy a certain degree of popularity, not thanks to the fact he is a member of the politburo of the party but because he is perceived as an able young Khmer patriot.

07310

Little Popular Support Seen for CGDK, Militia

42000437a Manila *MANILA CHRONICLE* in English
10 Jul 88 p 2

[Excerpt] Many changes are apparent since a visit here last December. Restrictions have been eased against private trade and public health improvements have been restored to pre-Khmer Rouge standards in many areas, according to doctors.

Virtually the whole of the educated and skilled middle class, including doctors were wiped out under Pol Pot.

The capital Phnom Penh has been cleaned up and the former 9 pm to dawn curfew now starts at 10 pm. More Phnom Penh residents have motor bikes and bicycles. Movie theaters are packed and vendors abound.

Besides rice, the other special urgency is to prevent any return of the Khmer Rouge. The Pol Pot-led force is the military backbone of a UN-recognized guerrilla coalition and Vietnamese troops which toppled them from power, are going home.

As monsoon rain clouds gathered in June the pro-Hanoi Phnom Penh government went into high gear to mobilize a peasant militia as its first line of defense against insurgency.

Every village in Kampuchea has set up a local militia comprising at least a score of its men to guard against Khmer Rouge infiltration, Soviet and Vietnamese diplomats said.

In villages visited last week by journalists who witnessed the departure of Vietnamese troops and army staff, the militia was poorly equipped with a mish-mash of automatic rifles and badly in need of ammunition.

That does not preclude the militia's success, however. One Soviet envoy said the militia may prove an effective nation-wide network of sentinels to alert provincial and central government forces of Khmer Rouge activities.

"We are trained to mix in with other villagers to watch for insurgents," said Chhorn Chheang, 40, a militiaman-farmer who lives near the former royal capital at Oudong.

It is said that there is no Kampuchean alive who did not lose a close relative to Pol Pot's excesses. The Khmer Rouge, despite massive Chinese aid and Western diplomatic backing, do not have popular support.

They will have even less of a cause if all of Vietnam's troops pull out as promised by the end of 1990, Kampuchean officials said.

"The Khmer Rouge is not a real guerrilla movement. It is being kept artificially alive," said a senior Vietnamese diplomat.

"The Khmer Rouge are only capable of terrorism. If no one panics, we'll be all right," a junior Kampuchean official said.

Kampuchians and Vietnamese have been traditional enemies, but some residents here, who could be considered neither communists nor pro-Vietnamese, see themselves victimized by the West, Japan, Asean and China.

The UN-backed Coalition Government of Democratic Kampuchea (CGDK), headed by Sihanouk and which includes two non-communist factions, is regarded by many Kampuchians and socialist diplomats as a front for the Khmer Rouge.

"A defector from Sihanouk's faction told us the reason he surrendered was because the CGDK was not a coalition, not a government, not democratic and didn't hold any part of Kampuchea," Vietnamese editor Bui Tin told Reuters recently.

07310

Correspondent: Fear of DK, Appreciation for PAVN Real

42000447a Bangkok BANGKOK POST in English
15 Jul 88 p 4

["Kampuchean Diary" Column by Jacques Bekaert]

[Text] Phnom Penh—"If the Khmer Rouge come back, I will commit suicide." Sopiaph is a young Khmer woman. She has a pleasant job. She is in good health, is attractive and intelligent. When Pol Pot came to power in April 1975, she was a child. She managed to survive the ordeal. She is determined it will never happen to her again. "Suicide," she says, "will be the easiest solution."

Chay, in many ways is a lucky man. Most of his family is still alive. He has a wife, six children, three of them born after 1979. In a few weeks his eldest daughter will marry a well-connected young man. Should the Khmer Rouge return, Chay knows what he will do. "I will take a gun and fight," he said as we sat drinking tea in his small house near one of Phnom Penh's bustling markets.

"I know that I am a bit old to fight for long. But I want to kill as many Khmer Rouge as I can before they kill me." He added that it would be better for his family to die rather than undergo the same experience of 13 years ago.

At the Thoun Tan Pong market I asked a woman selling antiques what would she do in case the Khmer Rouge were to enter the capital. "I will flee to Thailand," she answered. No hesitation. "I will not stay here. I never want to see them again."

These statements are genuine. They reflect the fear of an entire population. The people mentioned above do exist. I only changed their names. Nobody was listening to our conversations. They did not express the views of any particular political regime but their own deep anxiety. These men and women certainly do not need a "day of hate" (which the People's Republic of Kampuchea organises every year) to remind them how bad it was. They don't care much for the slogans about the "genocidal Pol Pot." They know very well they never want to see him again. Their experiences of the Khmer Rouge are engraved in their hearts for as long as they will live. They still have nightmares. As one man said, it is like "a deep mark in the brain."

The people of Phnom Penh appear fully convinced of the present Vietnamese withdrawal. From friends and contacts in the provinces they heard about the long convoys of jeeps, trucks and tanks rolling back to Vietnam.

Organized

During the farewell ceremony organised on June 30 at Pochengtong Airport, a few kilometres from Phnom Penh, the emotion of many Kampuchians was real. The people lining the tarmac had probably been ordered

there. Young pioneers in red scarves, representatives of mass organisations, of ethnic minorities, monks and nuns, soldiers of the PRK army. They waited under the increasingly hot sun, they cheered when they were told to do so, they waved their small paper flags when required to do so.

Socialist regimes—and a few others—love to stage those compulsory and well organised parades. But at least, on that warm Thursday morning, I saw some spontaneous tears in the eyes of quite a few men and women. Something that no politburo could ever provoke. Tears of gratitude? Why not. As the *bo doi* (soldiers) were going back home many people, I am sure, remembered how they were saved in 1979 by Hanoi's intervention. For this at least the Khmers are grateful. And a few of the old colonels from the Vietnamese High Command withdrawing that day were close to tears themselves. When the pioneers offered each departing officer a *krama*, the traditional Khmer scarf, it was the young boys and girls who looked rigid, with their awkward semi-military salute so unlike their tender age. As for the generals, and the majors hugging them, they were spontaneous.

How rational is Phnom Penh's fear? Is there any serious reason to panic? Seen from the capital Kampuchea presents an image of peace and relative order, if not of great prosperity. Life goes on, one day after the other, everybody trying to find a way to survive and improve on the still fragile situation.

But the view from Phnom Penh is only part of the picture. While the activities of the Sihanoukists or the Khmer People's National Liberation Front are never officially mentioned by the PRK regime, (only Sihanouk's name appears once in a while in a speech or an editorial) the continuous emphasis on the 'Polpotist' misdeeds could lead the citizens of Kampuchea to overestimate the strength of the Khmer Rouge.

Or are they right? Sources in Hanoi admit to 25,000 Khmer Rouge soldiers, 10,000 of whom are said to operate inside the country. True, from a strictly military point of view, they seem to do little. No big battles, no rockets over the cities. "Frankly speaking," said Colonel Dinh Nhu Linh, commander of special security unit 7708, during a press conference in Ho Chi Minh City a few days after his own withdrawal from Kampuchea, "the people are afraid. And not just the Khmers. But also the *cham*, the "overseas" Vietnamese, the foreigners living in Phnom Penh." Like so many other Vietnamese military sources, Colonel Linh is convinced that the Khmer Rouge simply lack the manpower to launch a serious offensive. "During the past six months we have noticed a reduction of Khmer Rouge activities. Polpotist agents that we captured recently complained a lot about the lack of food and ammunitions." They blame it on the closure of the Thai-Kampuchean border. "Corridors used to resupply the men inside cannot be utilised anymore," concluded Colonel Linh.

If this is the true situation in which the Khmer Rouge find themselves, there would indeed be little reason for too much worry. But this analysis leaves a few questions unanswered. In recent weeks Khmer Rouge units fighting near the border have successfully seized positions held by the PRK army. Even their enemies recognise that the "Polpotists" are courageous soldiers.

And what about the campaign of political warfare said to be going on in the countryside? "We have noticed an increase of what could be called 'political assassinations'," a Western source in Phnom Penh said. People suspected to work for the present regime have been summarily executed. And the PRK's own Press never fails to note the continuous "perversity" of the enemy.

The Kampuchean capital is a city of rumours. Here are a few samples: The regime is deeply infiltrated; the Khmer Rouge have their own men already in place, just like in 1975; many innocent-looking traders are in fact Khmer Rouge agents; a fifth column is right there inside Phnom Penh; it is waiting for the total departure of the Vietnamese to strike.

Sources at the Thai-Kampuchean border claim that if there is ever a political settlement, the Khmer Rouge have a plan. Only part of their troops will surface. The rest will wait for the right moment, building on the big network being slowly planted into the country.

There is probably a bit of truth in all this. Enough certainly to scare the Kampucheans. They trust the present regime only this much. After all, didn't the Khmer Rouge defeat the "American imperialists?" A feat still duly celebrated in Phnom Penh on every April 17. The Khmer Rouge today may look bigger than they are. But the fact remains. Phnom Penh is afraid.

/08309

Foreign Correspondent on Consolidation of Regime, Lack of ANS Resistance

42000447b Sydney THE SYDNEY MORNING HERALD in English 16 Jul 88 p 23

[Article by Tom Fawthrop; first paragraph THE SYDNEY MORNING HERALD comment]

[Text] The Phnom Penh Government is not likely to be toppled, but Pol Pot is still a vivid part of the Khmer psyche.

Flag-waving Khmers lined Phnom Penh's streets as traditional bands played music for jeeps of Vietnamese officers bidding farewell to Kampuchea.

June 30 was a turning point in the nine-year-old Kampuchean conflict. The departing Vietnamese Commander-in-Chief, General Le Ngoc Hien, formally handed over the command of all remaining Vietnamese to the Kampuchean Defence Minister.

This was the first phase of a total pullout, with 13,000 troops already gone and a promised withdrawal of 50,000 by the end of 1988.

However, many Khmers have mixed feelings about the sudden departure of the Vietnamese troops, which have done most of the fighting against Pol Pot's Khmer Rouge forces.

Before the withdrawal, the West and ASEAN countries depicted the 100,000 Vietnamese troops as an "oppressive occupation force" and UN resolutions repeatedly called for their withdrawal. Now that the Vietnamese are going home, even the US Secretary of State, Mr George Schultz, has expressed concern over the possible return to power of the notorious Khmer Rouge.

Kampuchea's Prime Minister, Mr Hun Sen, 37, told a packed Phnom Penh press conference on June 27: "Now that Vietnam is withdrawing, that issue is solved.... Who will solve the Pol Pot issue?" In almost the same breath, he said: "The Pol Potists have no chance of overthrowing us by military means."

But the Peoples Republic of Kampuchea, installed by Vietnam in 1979, still fears a campaign of sabotage and terrorism. The estimated 30,000 Khmer Rouge controlled by Pol Pot receive guns and finance from Beijing through a vital Thailand supply line.

Vietnam's withdrawal has included moving back to a 30-kilometre line from the Thai frontier to ease Thailand's security fears and encourage it to cut links with the Khmer Rouge.

Around Phnom Penh, the Vietnamese command has been disbanded. The Vietnamese ambassador, Mr Ngo Dien, told the HERALD: "The withdrawal has gone very smoothly. There are no guerrilla attacks and we have confidence in the Kampuchean forces, even the guards outside our embassy are now Khmers."

But, he admitted, "there is still nervousness; some Khmers would prefer to rely on Vietnamese units for their protection."

Western aid workers in Phnom Penh have also reported a "fear syndrome" among Kampuchean workers. The nightmare of the Pol Pot regime, credited with killing more than a million people between 1975 and 1979, is still a vivid part of the Khmer psyche.

A survivor of the forced-labour camps, Australian-educated Sieng Kimhoun, now a top Foreign Ministry official said: "After all that suffering, the people are naturally apprehensive." But he had no doubts "the Government will hold. Our forces are much stronger than the Lon Nol army in 1975."

Vietnamese forces have transferred all authority to the little-known Kampuchean People's Revolutionary Armed Forces, which traces its origins to the internal Khmer Rouge rebellion against Pol Pot rule in the eastern region in May 1978. Heng Samrin and Hun Sen, both former Rouge commanders, carried their abortive mutiny over into a pact with Vietnam to rid their country of the Pol Pot regime.

The Vietnamese-trained Heng Samrin's army has three components: a central command of 35,000, including tanks and artillery; the provincial commands, who do most of the fighting against Pol Pot forces and patrol the Thai frontier; and the fast-expanding village militia, the "ears and eyes" of the administration, intended to counter infiltration of the villages.

Comparisons with the United States' withdrawal from Vietnam and the collapse of the ARVN (the South Vietnamese army bankrolled by the US) are misleading. The PRK army is not facing a popular guerrilla uprising against Phnom Penh's rule. The Khmer Rouge, while still a potent source of trouble, cannot be compared to the appeal and strength of the Vietcong and North Vietnamese.

Most Western analysts have assumed that the relatively inexperienced PRK army is no match for the Khmer Rouge. Hence reports from last week's ASEAN foreign ministers' conference in Bangkok that countries that had long denounced Vietnamese occupation of Kampuchea were now cautioning Vietnam to slow down its withdrawal, to prevent a Pol Pot return to power.

The many parallels drawn with the Soviet withdrawal from Afghanistan have been dismissed by Prime Minister Hun Sen as "highly misleading."

All towns, and most territory, appears to be firmly in the Hun Sen Government's hands. In nine years of guerrilla war, no major sabotage or attack against the capital has been recorded. The curfew, formerly 9 pm, has now been extended to 10 pm and several provinces, until recently off-limits to foreigners, have been opened up to visitors.

In the provinces where the Vietnamese have completely withdrawn (Takeo and Kompong Speu), there is almost no fighting, although the new hospital in Kompong Speu (financed by the Australian Red Cross) has to treat many victims of Khmer Rouge landmines planted at random in rice fields.

Dr Neville Henry, one of the Australian Red Cross team that arrived in April, said that every month there are about 30 civilian war casualties.

The joint Kampuchea-Vietnam decision to withdraw Vietnamese troops has already broken the nine-year stalemate on several fronts. While increasing pressure on

the Phnom Penh army, the pullout also robs the anti-Vietnamese Coalition of Democratic Kampuchea, which holds the UN seat, of its main recruiting card.

All three guerrilla armies—Pol Pot, the smaller Sihanoukists and Son Sann's rightist faction—have depended on whipping up hatred of the "Vietnamese invaders."

The so-called "resistance coalition," teetering for some time, is close to breaking up after Prince Sihanouk's dramatic resignation last week.

For the first time, Prime Minister Hun Sen has confirmed, in an interview with an Indonesian newspaper, that some Sihanouk soldiers have sided with PRK troops in fighting the Khmer Rouge.

In fact, the Sihanouk army has always avoided confrontation with the PRK army; thus the emergence of a common front against the Khmer Rouge will not cause any great surprise.

The increasing independence of Phnom Penh also advances claims to international recognition and jeopardises the UN General Assembly's support of the coalition-in-exile.

But despite the confidence of the Phnom Penh Government that they cannot be toppled by the Khmer Rouge, Hun Sen is still looking for a political solution to put an end to the Kampuchean controversy.

The PRK has already outlasted its two predecessors (Lon Nol and Pol Pot), and it can be anticipated that any settlement must coalesce other Khmer factions with the Hun Sen administration.

/08309

Egyptian-Made Rifle Surrendered

42000441 Suva THE FIJI TIMES in English
21 Jul 88 p 1

[Text] An Egyptian-made rifle brought into the country after last year's May 14 coup has been surrendered to Security Forces at Lautoka.

The army now believes that more weapons may have been brought into the country before the illegal shipment seized in the Western Division last month.

The Egyptian gun is a Hakim 7.92 mm calibre rifle, now mainly used for ceremonial purposes.

The commander of the security forces in the West, Major Savenaca Draunidalo, said yesterday a man walked in to the Duke of Edinburgh Barracks at Lautoka on Tuesday and surrendered the rifle, along with 172 rounds of ammunition.

The rifle and ammunition arrived in a Johnson brand box,ng concealed as a spare part for machinery.

Major Draunidalo said the man's identity would not be revealed as he had brought in the weapon voluntarily under the one-month arms amnesty which ends on Saturday.

Major Draunidalo said the person who surrendered the weapon said the rifle was shipped in after the coup.

"There may have been other weapons in small quantities brought into the country," he said.

The Hakim rifle was a standard rifle with the frontline troops in the Egyptian army until the early 50s, he said.

The rifles were then phased out and replaced by the Soviet AK47 Kalashnikov rifles.

"The weapon is now used for ceremonial purposes," Major Draunidalo said.

"However, the Hakim rifle is gas-regulated and can effectively engage targets from 400 metres," he said.

Major Draunidalo said the weapon was definitely not from the April shipment seized last month.

"We encourage the public to make use of the amnesty period which ends on Saturday," Major Draunidalo said.

He said like the man who surrendered the Hakim rifle, others who surrender any weapons before Saturday would be protected by the amnesty.

He said the army might be based at the wharves for a long time now, working with the port police of the Ports Authority.

08309

Iranian Embassy Denies Circulating Tape on Mecca Incident

42130152f Jakarta TEMPO in Indonesian
4 Jun 88 p 25

[Text] Since the beginning of May, a ward chief's circular has been distributed down to the RW [citizens association] level throughout Jakarta. Its contents: a prohibition against possessing or playing video cassettes entitled "The War That Was Forced on Us" and "Bloody Friday in Mecca."

The two video cassettes came from the Iranian Embassy. A similar prohibition was applied to illegal brochures entitled "Pancasila Should Be Torn Up by Every Muslim," by Muhamad Izrail, "The Muslim Position on Pancasila," by Abu Musa, and "The Process Toward a Single Party," by Muhamad Nazir.

The circular also asked all RW chairmen to ban, and prevent involvement in, the "Holy Body" self-defense sport and to organize a different sport of that type.

The circular apparently was written on the basis of instructions dated 6 April from the governor to all mayors and other DKI [Special Capital Area] PEMDA [Regional Government] apparatus. The extent to which the instructions have been effective in the community is not clear yet. Deputy Jakarta Governor Basofi Soedirman, who signed the DKI governor's instructions, did not explain the nature of the prohibited "Holy Body" self-defense sport.

The governor's instructions were issued as a consequence of telegrams from LAKSUS PANGKOPKAM-TIBDA JAYA [Special Executive Officer, Regional Commander for Restoration of Security and Order of Greater Jakarta] on 10 and 17 February and from PANGDAM JAYA [Commander of Greater Jakarta Military Region] on 18 February.

A source revealed that since the end of last year the Iranian Embassy has played the video cassette "Bloody Mecca" several times at the home of one of its officials in the Menteng area of Central Jakarta, and many young people, mostly SLTA [high school] students have watched it. Students who visit the embassy's offices on Rasuna Said Street, South Jakarta, are also given propaganda brochures.

The "Bloody Mecca" cassette is a recording of the bloody Friday incident in Mecca during the pilgrimage season last August when thousands of Iranian pilgrims fought with Saudi police. The cassette has been in circulation here since last year.

The Iranian version recorded on the video cassette shows shots fired by the Saudi police, resulting in hundreds of casualties among Iranian pilgrims. As is known, Saudi Arabia has strongly denied it used firearms to quell the disturbance caused by the Iranians.

Achjadi Sjarif, director of information for the Department of Foreign Affairs [DEPLU], said that DEPLU has reprimanded the Iranian Embassy several times. Some time ago, for example, the embassy distributed posters of Ayatollah Khomeini at an Islamic school in Purwakarta, Central Java.

"We summoned them and reprimanded them for that," said Achjadi Sjarif. Achjadi acknowledged, however, that he did not know anything about the circulation of the video cassettes. "If it is true, we will take action. The Indonesian Government does not want Iran, or anyone else, to use Indonesia as a place where it can vent its enmity for other countries.

Sayyid Husein Rezvani, first secretary at the Iranian Embassy, denied that the embassy is responsible for the circulation of the video cassettes. "We do not know who is distributing those video cassettes here," he told TEMPO.

The video tapes "Bloody Mecca" ("Mecca Massacre") and "The War That Was Forced on Us" (an Iranian version of the Iran-Iraq war), he said, were actually to be shown at the residence of the Iranian ambassador on Madiun Street, Menteng, Central Jakarta. The Iranian Embassy had asked DEPLU for permission and had submitted a copy of the tape.

DEPLU had refused to give permission on the basis that it was contrary to Indonesia's position of neutrality in the Iran-Iraq war. "We therefore postponed the program," said Rezvani.

Rezvani admitted that 10 copies of the film "Bloody Mecca" have been circulated here but said they were given specifically to important officials. "They are the only films we have distributed," he said.

6942

Murdani Meets With Uruguay's Vice Foreign Minister

42130158e Jakarta ANGKATAN BERSENJATA in Indonesian 7 Jul 88 pp 1, 9

[Text] On Wednesday [6 July] Minister of Defense and Security L B Moerdani, as acting minister of foreign affairs, met in his office with Dr Ope Pasquet, Uruguay's vice foreign minister, and Mr Moerzinger, Uruguay's consul general in Hong Kong, during their courtesy visit to the ministry.

Dr Ope Pasquet expressed the hope that the good relations which have existed between Indonesia and Uruguay could be improved even more, especially in the area of economics, and that this will be for the betterment of both nations.

Dr Ope Pasquet also conveyed the message that his government is considering the possibility of opening an embassy in Jakarta in view of the fact that the secretariat of the ASEAN-pact nations, which are very important for Uruguayan interests, is located in Jakarta.

Up to now Uruguayan interests in Indonesia have been handled by the Uruguayan Consulate General in Hong Kong.

09846

**Justice Minister: No 'Political Prisoners';
Thousands of Subversives Held**

42130158c Jakarta PELITA in Indonesian
7 Jul 88 pp 1, 6

[Excerpts] The Department of Justice does not recognize the term political prisoner. In Indonesia there is only detention for subversion, for criminal activities and for economic crimes such as smuggling.

Minister of Justice Ismail Saleh, S.H. [Master of Laws], made this statement when reporters asked him how many political prisoners there are in Indonesia now.

Ismail Saleh, S.H., said that there are thousands of subversives imprisoned in Indonesia now, but that he did not know the exact number. Complete data compiled by the Department of Justice would be needed. "Frankly, I don't have those figures," he said speaking honestly.

In response to questions from reporters the minister said that no efforts are being made to rehabilitate those subversives. Rehabilitation is only provided for convicts who have been sentenced to 1 year or less in prison.

The minister said that the use of the term political prisoner by groups such as Amnesty International is up to those groups themselves. "We certainly don't recognize the term political prisoner," he said.

PP [Government Regulation] 10

When asked about PP 10 of 1959 concerning dual citizenship, the minister said that only about 1,500 pure Chinese aliens were covered by PP 10. When PP 10 was promulgated, they returned to their ancestral home, but they have recently returned to Indonesia as new immigrants. "These are the people referred to as pure Chinese aliens," he said.

The minister revealed that the government plans to open up about 5,000 hectares of land in West Sumbawa to receive (and isolate) the Chinese covered by PP 10. At one time there were about 125,000 people covered by PP 10. After this regulation was promulgated, data were collected again and the number dropped to only about 35 people.

09846

NU Chief Interviewed by GOLKAR

42130152a Jakarta KOMPAS in Indonesian
24 Jun 88 pp 1, 5

[Text] Jakarta, KOMPAS—The Functional Group [GOLKAR] does not need an ideology of its own that distinguishes it from other sociopolitical organizations. It is important, however, for GOLKAR to have a distinct political orientation as an ideal to be fought for corporately.

Abdurrahman Wahid, chairman of the Executive Council of the Nahdatul Ulama (PB NU), said this in an interview with KOMPAS in Jakarta this week in connection with plans for the 4th GOLKAR National Conference [MUNAS] in October.

The designation of Pancasila as sole principle of the three sociopolitical organizations (the PPP [Development Unity Party], GOLKAR, and the PDI [Indonesian Democratic Party]) causes them to have the same ideology. The special ideologies that distinguish one from the other are not yet clear.

According to Abdurrahman Wahid, a political organization does not always have, and does not need, its own ideology. Many political groups do not have special ideologies, like the Institutional Revolutionary Party (PIR) in Mexico. What it has is merely a kind of social democratic philosophy, which in Indonesia is probably represented by the technocrats in GOLKAR.

Therefore, what is needed is a political viewpoint or orientation toward making social changes and the application of an altogether practical philosophy. Call it nonideological pragmatism. Pragmatism should be prominent in GOLKAR. "Functional" in GOLKAR should be understood as a pragmatic orientation.

This type of orientation is an ideal to be fought for corporately within GOLKAR. The political orientation of GOLKAR must therefore be clear. For example, the pragmatic orientation of Democrats in America in the past was clear. They built a bridge between the rich and the poor. This kind of orientation apparently has yet to arise in GOLKAR.

He added that pragmatism as a political orientation makes the situation clear as to whether, for example, it is populist or not. The leading GOLKAR people of course see the importance of social welfare, but they do not yet demonstrate a populist orientation. They give too big a place to the interests of the economic elite, big business, and multinational firms, while still not doing enough to develop concepts and initiatives for the growth of small socioeconomic forces, like joint enterprises, from the bottom.

In fact, concepts like village unit cooperatives (KUD's), which were hoped to be a breakthrough for the rise of socioeconomic forces from the bottom, apparently became an extension of the government.

Orientation Stalled

Abdurrahman Wahid said GOLKAR's political orientation is apparently stalled. This is the logical consequence of the fact that GOLKAR is controlled by government bureaucrats. GOLKAR leadership therefore gives more emphasis to people who are not [as published] in the ranks of government bureaucracy. "But that is not a suitable therapy," he declared.

GOLKAR has not yet produced independent politicians from the bureaucracy. There were young people who became GOLKAR leaders but were recruited to be bureaucrats, i.e., ministers. Thus, the need has not yet arisen for them to develop politicians who are independent of the bureaucracy.

According to Abdurrahman Wahid, this problem should be pondered, for it can produce conditions like those experienced by the PIR in Mexico, where there is a shortage of ideas. Political groups that end up like that ultimately represent only the interests of one group, namely, the bureaucracy. This is dangerous, because a political group connected to the bureaucracy will experience differences among its own interests. To overcome these persisting differences, it will finally be forced to use an "iron hand" within the political group itself, said Abdurrahman Wahid, who is nicknamed "Gus Dur."

In a situation like that, said Gus Dur, leadership succession does not take place openly. Creative people find it hard to enter a political organization experiencing persistent internal dissension. Also, succession that takes place secretly does not give opportunity to many people to participate in the political process of the political organization. Only people who have been designated or channeled can enter, such as people from the KNPI [Indonesian National Youth Committee], the AMPI [Indonesian Renewal Youth Organization], and similar organizations.

Groups like the KNPI and the AMPI are places that produce cadres directly related to the bureaucracy. In such interrelated situations, dissension usually arises among themselves. They take pro and con positions, not in a competition of ideas but as one interest against another.

Produce Self-Sufficiency

When asked about self-sufficiency, Gus Dur explained that the process must be initiated by decision makers in GOLKAR and that there must be coordination between the Management Council and the GOLKAR Executive

Council in the recruitment of people who are not connected with the bureaucracy and who are not being channeled into the bureaucracy in order to enrich GOLKAR.

As far as giving precedence to regional conferences [MUSDA's] at regional levels I and II over the GOLKAR MUNAS in producing internal democracy directed toward self-sufficiency, Gus Dur said whether they are related to the bureaucracy or not is dependent on how the MUSDA's are organized. If they are still connected with the bureaucracy, giving precedence to MUSDA's over the MUNAS probably is still not a move toward GOLKAR self-sufficiency.

Similarly, if GOLKAR is to be increasingly rooted among the people, the people must have a feeling of possession. It appears, however, that the feeling of possession toward GOLKAR is still small. Those who clearly have a feeling of possessing GOLKAR are the GOLKAR leaders and the legislators in the GOLKAR faction.

Furthermore, GOLKAR will have roots among the people if it has a clear political orientation. Pragmatism is much needed as an orientation to community life. Pragmatism alone, however, can be fatal, for people can thereby lose all values.

Pragmatism as a philosophy is different from a pragmatic attitude. "I am not a socialist, but I can have a socialistic attitude," Gus Dur explained in order to show the difference between a philosophy of pragmatism and an attitude oriented to pragmatism.

For GOLKAR to have roots, it must produce leaders oriented to life at the bottom and who have clear connections below. Present GOLKAR leaders are urban people of the middle class and above.

As an example of an effort to produce leaders with roots, Gus Dur made a comparison with the NU. He explained that branch leaders are elected by subbranch leaders. When dissension occurred in the NU branch in Jombang, East Java, some time ago, the subbranch leaders resolved the problem. The PB NU and the East Java regional NU leaders did not take sides. The dissension was finally resolved by local branch and subbranch leaders. When it was settled, the East Java NU regional leaders informed the PB NU in Jakarta.

Gus Dur said the GOLKAR cadre system apparently does not yet give much support to the rise of self-sufficient GOLKAR leaders with roots. The reason is that commissioners in the villages and subdistricts still depend on representatives of the government, such as subdistrict heads and regents. "Thus, leaders are not yet rising from below. Although their place is at the bottom, they continue to come from above," Gus Dur explained.

The KARAKTERDES [village-level territorial cadres] program apparently is used more for the general elections. If KARAKTERDES is in fact for the purposes of the general elections, GOLKAR's present cadre system is appropriate, Gus Dur said.

6942

MP's Urge Stricter Control on PKI Remnants
42130150e Jakarta ANGKATAN BERSENJATA in
Indonesian 21 Jun 88 pp 1, 7

[Text] The Communist problem is still a latent danger for the nation and society. Therefore, tighter control is needed over former G-30-S/PKI [30 September Movement/Communist Party of Indonesia] political prisoners.

This was one of the recommendations made by Commission I of the DPR [Parliament] through its spokesman Suparman, who delivered the results of the commission's working visit to a DPR plenary session led by the DPR's general chairman R. Sukardi in the DPR building in Senayan, Jakarta yesterday.

The latent danger from Communism was examined closely in the DPR's Commissions I and II. At the same time, Ansori Ahmad, a spokesman for Commission II, warned that former members of group F of the PKI, considered to have a larger number of members than other groups, will make their move when the opportunity arises.

Commission I also hopes that government security and control agencies will be provided with sufficient information about communist patterns of action and behavior. Education about national vigilance should be extended to students and to the younger generation.

To exert greater control over former political prisoners, Suparman said, sufficient information about communist practices should be given to government agencies. In that way they will be able to monitor any anti-PANCASILA [Five Principles of the Nation] activities as early as possible.

Hard To Recognize

Commission II's report stated that while it is true that former political prisoners belonging to groups A, B and C of the G-30-S/PKI have reentered society, former members of group F of the PKI are hard to recognize, and it is estimated that there are more of them than of the other groups. "They will make their move when the opportunity arises," Asnor Ahmadi stated.

Ansori said that Commission II is convinced that the government will share in their belief that there is no other alternative but to increase national vigilance.

From information received by Commission II it seems that registering people belonging to groups A, B and C has been done carelessly in some provinces, and that it has been difficult to maintain control over them when they move from one place to another.

In view of the importance of administering and training personnel Commission II believes that it would be appropriate for the local government to pay closer attention to this matter, especially in maintaining and organizing their files. In that way, these ex-political prisoners' daily activities will not escape control. Coordination with the provincial LAKSUSDA [Provincial Special Administrator] is absolutely necessary.

Commission II also pointed out yesterday that there are going to be new village heads in many provinces. Ansor said that to make sure that the new village heads are not former members of the G-30-S/PKI candidates must be investigated very closely. The same is true for other offices.

"People who are going to be promoted to certain positions must first obtain a letter of clearance," said Commission II.

09846

Newsmen, Publishers Issue Warnings on Communist Infiltration, Ideology
42130158b Jakarta SUARA PEMBARUAN in
Indonesian 7 Jul 88 p 12

[Text] A joint circular issued by the Indonesian Journalists Association, the Newspaper Publishers Union and the Department of Information's PPG [Press and Graphics Development] directorate general urged the national press to reject and prevent the infiltration of communist ideology, not to employ any ex-members of the G-30-S/PKI [September 30th Movement/Communist Party of Indonesia] and to free itself from any remnants of the G-30-S/PKI and from communist ideology.

In this circular, dated 27 June 1988, these three organizations stated that remnants of the G-30-S/PKI have been trying recently to promote communist ideology through the press and through book publication.

Communist ideology is forbidden in Indonesia. The MPRS [Interim Parliament] Decision XXV of 1966 and the minister of internal affairs' Instruction No. 32 of 1981 concerning Retraining and Control over former G-30-S prisoners forbids the hiring of G-30-S/PKI remnants by the press. The press was urged to reject any and all articles and news reports which favor communist ideology, whether these come from former members of the G-30-S/PKI or from Communist sympathisers.

This circular also urged the press to obey the minister of internal affairs' Instruction.

09846

Brigadier General Arie Sudewo Promoted
42130178 Jakarta ANGKATAN BERSENJATA in
Indonesian 25 Jul 88 p 12

[Excerpt] Brig Gen Arie Sudewo (commander of Military Region III/Siliwangi, West Java) has been promoted to major general. He reported his promotion to Armed Forces Commander Gen Try Sutrisno on 23 July.

Moerdiono Calls for Upgrading of Trade With PRC
42130150b Jakarta SUARA PEMBANGUNAN in
Indonesian 16 Jun 88 p 11

[Text] Drs Moerdiono, minister of state and state secretary, said that the volume of trade with China must be increased and that Indonesia does not need a large surplus. What is needed is not a balance of trade but a large amount of trade. Whether Indonesia exports or imports a lot is not important; it should be things which are not yet produced in Indonesia.

Moerdiono made that statement in his briefing to directors of KADIN's [Chamber of Commerce and Industry] China committee [KIKC], led by its general chairman Dr Sukamdani Gitosardjono, in his office yesterday afternoon.

Sukamdani, KADIN's general chairman, reported to Minister Moerdiono as coordinator of Direct Trade with China about plans for KIKC's departure for China and about detailed plans to upgrade and assign tasks in facing future challenges for increased trade with China.

Sukamdani said that the trade commission, which will leave on 23 or 24 June to discuss increasing trade between Indonesia and China, will also talk about remaining obstacles and Indonesia's participation at the Beijing Fair next May.

Sukamdani said that the minister stated that Indonesia should not hesitate to increase direct trade with China as long as it remains trade and does not become political. "We should not engage in political activities or, even worse, subversive activities. Businessmen look for a profit and not for trouble," Sukamdani told reporters.

The minister also said that any problems should be reported to him immediately so that he and other ministers in the areas of politics and security or in the economy, finance or industry can look into them.

In response to questions from reporters, Sukamdani said that recent Indonesian-Chinese trade performance "has been very good from one year to the next." From one year to the next Indonesia's exports have been increasing. Almost the same figures have been obtained from the Indonesian consul general in Hong Kong and from

KIKC. However, the figures obtained from the Central Bureau of Statistics show that Indonesia's exports to China have continued to increase but that imports have remained larger.

09846

ADB Grant for Natural Gas Projects
42000451e Jakarta ANTARA NEWS BULLETIN in
English 27 Jul 88 pp A6, A7

[Text] Manila, July 27 (ANTARA/AFP)—The Asian Development Bank (ADB) has approved a 345,000-dollar technical assistance grant to Indonesia for natural gas rehabilitation and expansion projects, the Bank said here Wednesday.

The money would be used to help finance gas projects in Semarang, Surabaya, Bandung and Medan, it added.

/08309

Twenty Percent DSR Specified as Long-Term Guide
42130158d Jakarta KOMPAS in Indonesian
8 Jul 88 pp 1, 8

[Text] Indonesia overstepped the safety threshold of 20 percent when its 1987-88 DSR (Debt Service Ratio) reached 30 percent. However, actual conditions should not be determined on the basis of the DSR alone but should be measured by the long-term average. The reason is that the DSR can fluctuate sharply from year to year and the figure does not have to be 20 percent at any given moment.

Minister of State for Development Planning and BAP-PENAS [National Development Board] chairman Prof Dr Saleh Afiff and Junior Minister for Development Planning Prof Dr Benny Muljana discussed the DSR problem at a working meeting with Commission X of the DPR-RI [Republic of Indonesia Parliament].

"Our DSR rose from 17.6 percent in 1985-1986 to about 30 percent in 1986-1987 and 1987-1988. It has overstepped the safety threshold of 20 percent. However, this figure should be averaged out and calculated over the long run. It does not have to be the figure at any given moment," said Saleh Afiff, without giving any exact figures for what he meant by the long-term.

He added that this drastic increase in the DSR was caused by an equally drastic change in the price of oil and the difference in the exchange rate of the US dollar compared to the Japanese yen, the West German mark and other currencies.

The DSR is the amount of foreign exchange needed to make principal and interest payments compared to foreign exchange income through exports. The higher the DSR the higher the amount of foreign exchange needed to pay debts and the more onerous the debt payments become.

A safety threshold of 20 percent means that 20 percent of foreign exchange income is used to pay foreign debts; at the present time Indonesia's DSR is in fact 30 percent.

However, the minister said, the recent increase in the DSR is not due to Indonesia's more relaxed foreign-debt policies but is due to a change in external factors. Besides that, the DSR can change rapidly. Therefore, 20 percent should be the average figure over the long run and not necessarily the figure at any given moment.

"In addition, we have been using our debts to build up our infrastructure, to process our natural resources and to develop our human resources. This will mean an increase in production, which will change our import structure and will increase future national exports; this in turn will lower the DSR," the minister said.

09846

Companies Issue Bonds

Joint Venture With Japan

42130150a Jakarta *SUARA PEMBARUAN* in Indonesian 16 Jun 88 p 11

[Excerpts] For the first time in the history of the Indonesian capital market a joint company, the Bumi Daya IBJ Leasing Company, has issued 10,000 billion rupiahs-worth of bonds. These will mature in 3 years and they carry an annual interest rate of 18 percent per annum.

An agreement was reached to issue these PT Bumi Daya IBJ Leasing Company bonds after a final meeting among BAPEPAM [Capital Market Administrative Board], guarantors and accountants at the BAPEPAM building in Jakarta yesterday afternoon.

According to Prof Barli Halim, BAPEPAM chairman, these bonds, which are guaranteed by the Bank Bumi Daya, have several special pioneering characteristics.

First, this is the first joint company to issue bonds on the Indonesian capital market.

Second, this is the first company to issue bonds maturing in 3 years. Up to now bonds have been for a 5-year period and there was one for an 8-year period.

Third, this is the first company to issue bonds at an interest rate of 18 percent, which is higher than the current average interest rate.

The company is a joint venture between Indonesia and Japan. Forty percent of its stock (2 billion rupiahs) is owned by the Bank Bumi Daya; 52 percent (2.6 billion rupiahs) is owned by The Industrial Bank of Japan and 8 percent (40 million rupiahs) is owned by the IBJ Leasing Company, Ltd.

Part of the funds collected from these obligations, more than 19 billion rupiahs, or \$5.4 million, will be used to fund 1988 leasing contracts.

Not Taxed

According to Minister of Finance Order No. Kep-1250/KMK 011/1985 of 6 March 1985 the interest on bonds received by a Pension Fund set up with the agreement of the Indonesian Minister of Finance is not subject to the earning tax. The aim of this policy is to promote the active participation of institutions and companies in the stock market.

Astra International, Inc.

42130150a Jakarta *PELITA* in Indonesian 24 Jun 88 p 3

[Text] Another private company has issued bonds on the Indonesian capital market. This week Astra International, Inc. issued 60-billion rupiahs worth of bonds which will mature in 5 years and which carry a very attractive interest rate of 18.5 percent per annum.

Edward S. Soeryadjaya, Astra International's managing director, spoke at a final meeting with BAPEPAM yesterday. He said that these bonds have been issued in an effort to collect and mobilize funds from society in order to pay companies' expenses in carrying out a program of industrialization and large-scale farming. These efforts are part of the plan to step up nonoil exports. In addition, issuing bonds will support the government's efforts to increase and develop capital markets for funding national development.

Besides that "issuing those bonds is the first step in realizing our desire and decision, as stock holders, to make Astra a public company in the near future," said Edward.

In the meantime, Barli Halim, chairman of BAPEPAM, said that this is a pioneering step for the private sector because Astra is the first company to participate actively in the capital market. Besides that, it is the first holding company whose head company is registered on the capital market to offer bonds at an interest rate above the current average rate.

It is hoped that Astra, a holding company which has been following a policy of horizontal integration for more than 30 years, can continue to exist.

09846

Development of Counterpurchase Trade

42000451c Jakarta ANTARA NEWS BULLETIN in English 20 Jul 88 p A3

[Text] Jakarta, July 20 (ANTARA)—The Federal Republic of Germany remains up to now Indonesia's biggest counter purchase partner.

Data obtained by ANTARA from the public relations office of the Ministry of Trade on Wednesday, show that counter-purchase contracts, signed by West Germany after the Indonesian Government introduced the counter purchase policy on January 1, 1982, have until June 1988 already reached a value of U.S.\$507.96 million, followed by Japan with U.S.\$397.19 million; Canada with U.S.\$231.86 million and the United States with U.S.\$127.24 million.

Singapore comes on fifth place with a value of U.S.\$109.23 million, followed by Britain with U.S.\$98.10 million; South Korea with U.S.\$73.29 million; Australia with U.S.\$66.54 million; Romania with U.S.\$61.95 million and the Netherlands with U.S.\$48.67 million.

East European socialist countries which have concluded counter purchase deals with Indonesia besides Romania (US\$61.95 million), are Yugoslavia with a value of U.S.\$16.95 million; East Germany with U.S.\$6.56 million and Poland with U.S.\$4.91 million.

The counter purchase policy was applied by the Indonesian Government in a bid to boost its non-oil/gas commodity exports.

At the very beginning, this policy was opposed by several countries, including the U.S. and Japan, but after extensive explanation by the Indonesian side, their opposition changed into acceptance.

/08309

Trade Deficit With Malaysia Reported

42000451d Jakarta ANTARA NEWS BULLETIN in English 22 Jul 88 p A2

[Text] Jakarta, July 22 (ANTARA)—The Indonesian Trade balance with Malaysia, last year, suffered a deficit for the second time in the last six years, the first occurred in 1983, data obtained from the Central Bureau of Statistics (BPS) Thursday showed.

According to the data, Indonesian exports to Malaysia were worth 93.7 million dollars last year against Malaysian exports to Indonesia, which stood at 138.9 million dollars.

Except for 1983, when the trade value of Indonesian exports stood only at 57.9 million dollars compared to its imports from Malaysia, which was valued at 60 million dollars, the trade balance between Indonesia and Malaysia was always in favor of Indonesia.

The biggest surplus amounting to 31.1 million was reached in 1979, in which Indonesia's exports to the country stood at 66.2 million dollars compared to the Malaysia's exports worth 35.1 million dollars.

/08309

Sumarlin Tries To Allay Concern About Foreign Debts

42130152b Jakarta ANGKATAN BERSENJATA in Indonesian 24 Jun 88 pp 1, 7

[Text] Jakarta, ANGKATAN BERSENJATA—Foreign loans or debts should not be made a specter or considered a burden. Quite the contrary, we must take advantage of foreign loans to support and expedite development.

Minister of Finance J.B. Sumarlin said this in answer to questions by members of DPR [Parliament] APBN [State Budget] Commission during a working meeting with the commission on Thursday [23 June] at the DPR Building at Senayan, Jakarta. The meeting was led by APBN Commission Chairman Muharsono.

In the working meeting yesterday, Sumarlin openly and candidly explained the foreign debt matter to APBN Commission members, at the same time acknowledging public fears that foreign debts will increasingly burden the next generation.

The next generation merely has to manage the fruit of the development that is financed by these foreign loans, making it easier for them to pay the debts, said Sumarlin.

The minister explained again that foreign loan indebtedness has swollen primarily because of changes in certain currencies. That is what is making Indonesia's foreign debt heavier. If those currencies had not changed, that is, if we paid the debts at 1984 exchange rates, our burden would be \$1.5 billion less.

Thus, the increasing burden of foreign loans is not because of additional new loans. "Our debts are heavier because of changes in foreign exchange rates," said Sumarlin.

The current figure for our foreign loans could indeed be astonishing. So that it will not be misinterpreted, however, the minister urged DPR members and the public to understand the function of these loans. He explained that the function of foreign loans is to supplement domestic financial sources in order to expedite development in various sectors. Foreign loans also have the function of improving the economy. The important

thing is that foreign loans must have soft conditions and no restrictions at all. In other words, the function of foreign loans is to accelerate the pace of development.

Therefore, Sumarlin added, foreign debts should not be made a burden. They should be viewed as an opportunity, as long as they have soft and nonbinding conditions. We must therefore take advantage of the opportunity.

When looking at foreign loans, we should also look at what is achieved with these loans. Sumarlin pointed out that all these foreign debts have their effect. As an example, Sumarlin noted that by use of foreign indebtedness in the farming sector the Indonesian people have become self-sufficient in rice. Irrigation facilities have been constructed, and fertilizer factories have been built. The same is true of roads, ports, energy production, telecommunications, education, and other things. All of these use foreign indebtedness. Thus, foreign debts have an important role, for they have been productive. In other words, the minister said, we have been able to manage these foreign debts, and, in the end, we will be able to repay them.

Therefore, the minister emphasized, we do not need to view foreign debts as a specter that will make us fear indebtedness. Debts will continue to be needed as long as they are productive.

Not only Indonesia, Sumarlin added, but an advanced country like the United States has many foreign loans. The same is true of Britain, which once had foreign loans amounting to \$12 billion. The only country that does not now have foreign debts is Japan. According to Sumarlin, Japan has used loans from its people to finance the country. Indonesia clearly cannot imitate Japan, because the savings of our people are very small, unlike those of the Japanese.

The minister explained yesterday that if we had not obtained loans of \$4.015 billion from the IGGI [Inter-Governmental Group on Indonesia] we would find it difficult to proceed with development, because that amount has been incorporated in the APBN.

If we had not obtained those loans, we would have to use the state's foreign exchange reserves in order to proceed with development, like it or not. Obviously, that would not actually be possible, for our reserves are not large, and the action would in fact ultimately make problems for ourselves. "Therefore, if we want to expedite development, we must take advantage of foreign loans," said Sumarlin.

'Four Tigers' Move To Take Advantage of Lower Production Costs

42130150d Jakarta *SUARA PEMBANGUNAN* in Indonesian 23 Jun 88 pp 1, 12

[Text] An increase in the value of the currency of the four "Asian Tigers" has caused a jump in the price of goods and an increase in wages in those countries so that the costs of production have become higher there.

After giving a paper at a capital investment seminar at the Metropolitan Building in Jakarta yesterday, Engr Sanyoto Sastrowardoyo, chairman of the Capital Investment Board, told *PEMBANGUNAN* that these factors made the four "Asian Tigers" move capital to Indonesia between January and May 1988.

During that period Taiwan moved \$267.2 million and Hong Kong \$139.3 million into Indonesia. Japan only invested \$118.9 million during that period.

Sanyoto said that one result of the increase in the value of their currencies is that their goods are too expensive and not competitive on the world market. They have therefore decided to move their factories to the developing countries, and Indonesia is one of these countries, along with Thailand and Malaysia," Sanyoto said.

He added that Indonesia must be receptive to the desire and possibility of capital investment. When asked whether Hong Kong businessmen are moving capital to Indonesia because of that English colony's murky prospects, he said that Hong Kong, which will become part of China again in 1997, will continue to be a place for capital investment, as it is now.

09846

Minister Sumarlin Says Capital Market Overregulated

42130158a Jakarta *KOMPAS* in Indonesian 7 Jul 88 pp 1, 8

[Text] The Indonesian capital market is overregulated. The government is implementing and will continue to implement a policy of deregulation for growth and development in this area.

Minister of Finance Prof Dr J. B. Sumarlin said this in Jakarta yesterday in a written statement read by Sugito Sastromidjojo, secretary general of the department of finance, at a Seminar on Investment Possibilities and Capital Market Development in Indonesia. The seminar, organized by the Jakarta branch of the Indonesian Economists Society and Deemte Sakti Indo, Inc., was attended by more than 300 businessmen.

At the beginning of his analysis, entitled *The Role of Capital Markets in Economic Development: a Challenge for Indonesia*, Sumarlin stated that there will be at least three advantages to good capital markets. First, they will

increase the efficiency, solvency and stability of the financial system. Second, they will broaden the financial instruments and investment choices available to investors and will, in the long run, help to increase domestic savings and investment. Third, they will increase economic efficiency by increasing the efficiency of capital allocation.

Sumarlin believes that developing capital markets must be an integral part of the entire process of economic and financial development in Indonesia. The success of a capital market, of stocks or of venture capital cannot occur in a vacuum. They must be developed as a part of a general government policy to develop money markets.

"Even so, we must not forget that the primary force behind the development of capital markets is the private sector. The government and government policies by themselves cannot bring the market to life. Government regulations and the official agencies which carry them out are only there to create a stimulating climate," he said.

Being Identified

Sumarlin said that there are at least seven areas of importance in developing capital markets. These are: analysis of the strengths and weaknesses of the present system, the best strategy for developing the financial area, the best design for monetary and fiscal policies, competence of the personnel, government and private accounting and auditing and the development of instruments, organizations and the money market.

The minister said that what is needed is a system with efficient control and regulation and one that is able to protect the various interests in the capital market. The capital market in Indonesia has been overregulated up to now. The government has taken some steps to deregulate, for example the December 1987 Package, considered the first step at reforming capital market regulations. However, the government will not stop at the December Package; it is determined to continue these policies. Identification [of problem areas] is being carried out.

The minister did not give a clear description of past capital market overregulation, particularly for the period before the December 1987 Package.

However, another speaker at the seminar, Lukman Nul Hakim, deputy chairman of the Money and Securities Trade Association, said that one of the main reasons for the lack of development of capital markets in Indonesia has been the inflexibility of the regulations. Before the December Package, for example, one of the regulations stated that only companies showing a 10 percent profit for several years would be allowed to go public. A 4 percent limit was set on fluctuations in stock prices.

Paying taxes on dividends cast a pall over some investors and they were faced with the problem of limitations on the amount of stock offered on the market.

The minister said that the December 1987 Package introduced so-called Parallel Markets, which are managed by the private sector. The government is trying to reduce its interference in the capital markets. However, up to this point it thinks that it is too early to predict the effects of deregulation on the future development of capital markets in Indonesia.

09846

Soybean Imports To Be Reduced

42130150c Jakarta SUARA PEMBANGUNAN in Indonesian 18 Jun 88 p 11

[Excerpts] Indonesia will gradually reduce its soybean imports. Plans are to reduce current imports of 400,000 tons by 25 percent in July and another 10-15 percent in August.

This was revealed by Minister of Cooperatives and Chairman of BULOG [Logistical Bureau] Bustanil Arifin at a reception yesterday for eight directors of the Greater Jakarta Kukmi [?acronym or place] Institute for Developing Facilities for Clinics.

Bustanil Arifin, S.H. [Master of Laws], said that plans to reduce soybean imports are intended to spur domestic production. The head of BULOG sees an improved domestic production of soybeans. He gave as an example the East Java Beancurd and Fermented Beancake Cooperative (KOPTI), which is no longer receiving a soybean allotment from BULOG because producers in East Java are now able to provide enough soybeans.

"Another purpose of not allotting soybeans to the East Java KOPTI is to protect soybean farmers in that province," the minister said.

When soybean imports are reduced, KOPTI's allotment will also be reduced by 25 percent. This will start in July. The following KOPTIs have been receiving allotments from BULOG: the Jakarta Capitol Region, West Java, Central Java, Lampung and South Sumatra.

"Reductions will continue in the months ahead," he added.

Subsidies

Bustanil said that another consideration in stopping soybean imports is the high price of soybeans abroad, about \$400, or about 655,000 rupiahs, a ton. When the cost of transportation is included, the price to the consumer is about 800 rupiahs a kg. BULOG sells soybeans to the KOPTIs for 630 rupiahs a kg. Therefore,

BU'LOG is providing a subsidy of about 170 rupiahs a kg. The purpose of this subsidy is to enable the members of the KOPTI to produce a high-quality fermented bean-cake, he said.

09846

Oil Production-Sharing Contract Signed

42000451a Jakarta BUSINESS NEWS in English
20 Jul 88 p 4

[Text] Minister of Mines & Energy Ginanjar Kartasamita has stated that the Indonesian Government is currently studying procedures as well as regulations which still hamper the development of capital investment in the country.

Ginanjar said further after signing a production sharing contract between Pertamina and Madura Shell BV here recently that the government will in the near future announce a package of the simplification of investment procedures as the continuation of deregulation steps.

The production sharing contract between the state-owned oil company Pertamina and Madura Shell BV, which has obtained a permit from the government based on the Letter of the President of the Republic of Indonesia No.B-64/pres/7/1988 dated July 11, 1988, is the fifth signed this year.

The contract is in the form of a joint operation agreement (JOA) in land and off-shore exploration areas in Madura. Based on the contract, Pertamina acts as an operator, and the realisation of exploration/exploitation is supported by the contractor.

/08309

Discovery of New Oil Fields

North Sumatra

42000451h Jakarta BUSINESS NEWS in English
20 Jul 88 p 5

[Excerpt] The state-owned oil company Pertamina recently discovered oil field in its off-shore operational area in Asahan, North Sumatra, through its contractor, Petroz from Australia.

The newly discovered oil field is expected to be able to produce crude oil for 30 years.

/08309

Malacca Strait

42000451f Jakarta ANTARA NEWS BULLETIN in English
28 Jul 88 p A1

[Text] Jakarta, July 28 (ANTARA)—Hudbay Oil, a production sharing contractor firm of the state oil company Pertamina, has discovered oil with a capacity of 1,241.7 barrels per day at the Malacca Straits offshore working area, Pertamina's spokesman K.A. Endin said here on Wednesday.

The oil discovery took place at MSBM-1 exploration drilling area which is situated on Padang Island (part of the Central Sumatra basin) about 18 km southeast of Lalang oil-field in Lalang Straits or about 15 km southwest of Melibu oil-field on Padang Island.

Oil was discovered after drillings at a depth of 1,543.5 to 1,548 meter.

/08309

Difficulties in Acquiring Business Licenses Despite Deregulation

42130152c Jakarta SUARA PEMBARUAN in Indonesian
25 Jun 88 p 1

[Text] Jakarta, 25 Jun—M. Kharis Suhud, chairman of the DPR [Parliament]/MPR [People's Consultative Congress], said it is still difficult to get business licenses despite the government's efforts to eliminate problems by deregulation and debureaucratization. Citing examples, he said that you have to work yourself "half to death," as they say, to get an IMB (building permit), a water, electricity, or telephone connection, or to display an advertising banner.

"If you don't believe it, just go to DISPENDA [Regional Information Service]. To display a banner you have to get this rubber stamp and that rubber stamp and all kinds of things. Then the person you need to see is in a meeting or not at his desk, or some other excuse. And all of these are still just the little problems," he told reporters in a press conference on Friday [24 June] at the DPR Building at Senayan, Jakarta.

The chairman of the legislature made these statements in response to questions as to the seriousness of Indonesia's current foreign debt situation. He said that whether it is serious or not depends on how far we deregulate and debureaucratize. This in turn comes back to how far bureaucrats, meaning government employees, go in playing their roles in facilitating development.

Kharis Suhud said they have yet to play those roles fully. As evidence, he cited the difficulties involved in getting permits and doing the other things he mentioned.

He feels a major problem is in the export sector. It used to be there were no bribes needed on the way to the port. Now there are bribes again. Then, at the port, to get containers you have more problems. "Actual customs charges have in fact been done away with," he declared.

Government Employees

Finally, after we have paid out so much within the country, when we come to the point of competing overseas we lose out because our prices are too high. "Thus, if government employees don't help, deregulation and debureaucratization will not reach their targets.

"By strengthening exports and the private sector, we will earn foreign exchange for repaying our foreign debts. Besides that, we will also expand job opportunities year by year," he asserted.

Therefore, how much concern those debts cause depends on how far deregulation and debureaucratization are taken, for the debts are investments in projects that can produce money.

6942

Murdani on Opening East Timor, Alleged Communist Infiltration

42130152e Jakarta KOMPAS in Indonesian
28 Jun 88 pp 1, 12

[Text] Jakarta, KOMPAS—MENHANKAM [Minister of Defense and Security] General L.B. Murdani noted that the opening up of East Timor Province must be studied first so that it will not hurt the people of East Timor themselves.

"If the governor himself has evaluated it, however, and says it is appropriate, we will, along with the PANGAB [Armed Forces commander], give consideration to opening it," he said in reply to press questions after attending the opening of an upgrading on supervision at the State Palace on Monday [27 June].

"Only," the MENHANKAM emphasized, "don't blame DEPHANKAM [Department of Defense and Security] or ABRI if there is any problem or garbage."

He said policies we have had on East Timor do not mean we want it to be behind the other provinces. Nevertheless, the people of East Timor, who are not as active in trade or in any other sector, should not be lied to.

"Nevertheless, if the governor feels that the step can be made, we in HANKAM [Defense and Security] have no basis for continuing with those policies. Only, if confusion results, don't come to DEPHANKAM," he stated in response to views by East Timor Governor Mario Viegas Carascalao that it is time to declare East Timor an open region like other provinces.

Insulting

When asked the extent of DEPHANKAM's monitoring of infiltration of PKI [Indonesian Communist Party] remnants into the government, Gen Murdani declared that the government and ABRI are not infiltrated by PKI remnants. "If anyone says the government is infiltrated by the PKI, he insults us. There is no infiltration of the PKI into the government or ABRI," he emphasized.

He underlined that the monitoring and oversight system has been built so that it cannot be infiltrated. In addition, there is a course on national alertness (SUSPADNAS), and the oversight is "built in." "Thus, the issue does not exist. The important thing is that security, oversight, and control are operating," he added.

With regard to files on G-30-S [30 September Movement]/PKI remnants that may have been lost, the MENHANKAM said that if any files in the hands of the government have been lost the matter should be reported to LAKSUSDA [Regional Special Executive Officer]. He advised regional governments to have a mechanism for protecting such files.

Participation

In a separate interview, ABRI Commander General Try Sutrisno was also asked for his views on the opening up of East Timor. He expressed his opinion at length but asked that it not be published. "The important thing is that the people of East Timor should continue to participate in development," he said.

As for the question of G-30-S/PKI remnants, Gen Try emphasized that all the people and ABRI should remain alert. The problem can be eliminated if all the people, ABRI, and the government maintain an orderly structure, while at the same time enhancing national unity and integrity.

6942

Science Chief Sees Need for Nuclear Power Plants

42130152d Jakarta MERDEKA in Indonesian
23 Jun 88 p 3

[Text] Denpasar, Wednesday [22 June], ANTARA—Prof Dr D.A. Tisna Amidjaja, chairman of the Indonesian Science Institute (LIPI), feels that Indonesia must eventually "go nuclear," meaning that we must introduce a nuclear electric power plant (PLTN) system.

Speaking at an international conference of East-West Center alumni at Denpasar on Tuesday [21 June], the LIPI chairman said the PLTN at Gunung Muria, Central Java, can be expected to be in operation by the beginning of the 21st century.

It is no longer possible to look for more electricity from water power in Java because of limited sources of water. The alternative is nuclear power, for Java now needs about 30,000 megawatts of electricity.

In reply to questions about protests recently raised by the Indonesian Environmental Association (WALHI), Tisna Amidjaja said their concern is a natural one, for nuclear power tends to have high risk factors.

Nevertheless, it can be guaranteed that there will be no chance for negative effects from the PLTN if all the specialists handling it do their carefully and accurately.

"The explosion of the nuclear power center at Chernobyl in the Soviet Union was caused by human negligence, not the equipment," said Tisna Amidjaja, who was accompanied by his deputy, Prof Dr Didin S. Sastrapradja, who is also chairman of the East-West Center Association.

The two LIPI figures noted that the protests voiced by WALHI sound rather exaggerated, for there is no alternative to nuclear power.

We exaggerate negative consequences while actually not recognizing the great benefits to be obtained when the PLTN becomes operational. Whether we like it or not, we must take advantage of nuclear power, especially to support progress in the industrial sector.

"The sound of 'nuclear' terrifies and impedes, but why have we not raised a commotion about the negative effects of chemical wastes or about a society poisoned by peanut oil tempeh?" asked the LIPI chairman.

6942

National Front Wants Legislators To Declare Stand

42130160c Kuala Lumpur *BERITA HARIAN* in Malay 19 Jun 88 p 1

[Report by Sa'odah Elias and S. Sivaraman: "National Front Offers Two Choices"]

[Text] Kuala Lumpur, Saturday [18 June]—The Supreme Council of the National Front (BN) today offered two choices to members of parliament (MP's) and members of state legislatures (ADUN's) who do not want to join UMNO (New): Support the BN, or become an independent.

BN Chairman Datuk Seri Dr Mahathir Mohamad said that if they do not want to support the BN, as was the case with several MP's and ADUN's who declared themselves independent, they should report the matter officially to the speaker of the House of Representatives or the speakers of their state legislatures.

He said offering them choices was the more appropriate way, because today's meeting of the BN Supreme Council could not determine their status in the BN.

"The BN has no position on the MP's and ADUN's, and it is up to the people concerned to decide whether they are still supporters of the BN or not.

"This is because the BN as a political organization has no power to dismiss any MP or ADUN who was elected on the BN ticket, because the BN does not have individual members," he said at a press conference following the Supreme Council meeting at Datuk Onn Tower.

In its meeting on 20 May, the UMNO (New) Supreme Council had decided to recommend that several MP's who were unwilling to join UMNO (New) and who proclaimed themselves independent should be dismissed from the BN.

The prime minister said the BN has only parties (components) as members. This means that there are no individuals who are members of the BN, and a person may represent the BN only if he ran as a BN candidate and was elected from a BN component party.

According to Datuk Seri Dr Mahathir, this is not the first time this situation has arisen, for it once occurred involving an MCA [Malayan Chinese Association] MP.

He said the BN also made no decision on changes in seats for the next session of Parliament.

"If, however, there are MP's who ask for changes, they must submit their requests to the speaker of the House of Representatives, and it will be up to Parliament to take action," he said.

Meanwhile, MCA President Datuk Dr Ling Liong Sik, acting on behalf of members of the BN Supreme Council, reiterated their unanimous support for the leadership of Datuk Seri Dr Mahathir as prime minister and chairman of the BN.

He said they also unanimously reiterated their support for the BN and their participation in the coalition.

6942

Mahathir Meets With New UMNO Leaders

42130160b Kuala Lumpur *UTUSAN MALAYSIA* in Malay 18 Jun 88 p 1

[Text] Kuala Lumpur, 17 Jun—Datuk Seri Dr Mahathir Mohamad held a day-long meeting today at the Prime Minister's Office (JPM) here with UMNO (New) leaders in the government.

During the morning, the prime minister met with deputy ministers and the UMNO (New) parliamentary secretary and in the afternoon with ministers and chief ministers, including the chief minister of Malacca.

Minister of Information Datuk Mohamed Rahmat, with whom the prime minister met in the late afternoon, declined to say what subjects were touched on in the meeting.

It was learned that Datuk Seri Dr Mahathir called leaders of UMNO (New) to brief them on his recent talks with top Indonesian leaders.

6942

MP Datuk Abdullah Urges Uniting Behind Mahathir

42130162a Kuala Lumpur *UTUSAN MALAYSIA* in Malay 23 Jun 88 p 4

[Text] Kuala Lumpur, 22 Jun—Datuk Abdullah Ahmad, member of parliament (MP) from Kok Lanas, said today that opposition to the leadership of Datuk Seri Dr Mahathir Mohamad may hurt Malays.

If this opposition continues without being controlled, he said, it will also hurt the country, because divisions among Malays may threaten the concept of peaceful coexistence among numerous communal groups.

In a speech here last night at the Defense College of the Ministry of Defense, Datuk Abdullah said that only UMNO (New) under the leadership of the prime minister can offer prosperity and a guarantee for the future for Malays.

"If Malays want the 1990's and the 21st century to be more prosperous, safe, and secure than the 20th century and the past, they must support a single UMNO, namely the one led by Datuk Seri Dr Mahathir," he asserted.

The MP said he had no reservation in stating that Datuk Seri Dr Mahathir is now the strongest and best Malay leader. Datuk Abdullah said the time has come for everyone to pause a moment to get a clear perspective on the unrest that has occurred.

He feels the most important thing is the question of Malay rule, on which the stability of the whole Malaysian system depends. "If we keep on quarreling in a struggle to win power, we may destroy what we have attained so far, which is considerable," he stated.

He sees the quarrel as a big tragedy, because the struggle is taking place at a time when the country's economy is showing signs of revival, especially with respect to foreign investment.

Datuk Abdullah said that if anyone feels the present government is unjust and oppressive, he should compare himself with other people, here and abroad.

He said that since the Kuala Lumpur High Court declared UMNO unlawful in February Datuk Seri Dr Mahathir has been the constant target of criticism from some quarters. "Why? For me, the concise answer is that some people want to take his place. Naturally, they say all of this happened because Datuk Seri Dr Mahathir has become too unpopular.

"But unpopular with whom? Unpopular possibly with team B people, who don't want to accept their narrow defeat in the UMNO General Assembly of April 1987," he said.

At the same time, he questioned what would happen if, on the other hand, team B were successful in gaining power. "Would Malays and UMNO unite? How would they govern? By removing Datuk Seri Dr Mahathir, would he be finished? What policies would they offer to us to replace the present ones?" he asked.

Datuk Abdullah said he did not see any alternative policies being offered by team B in the present political unrest. "I myself am willing to listen and to learn if there are issues and differences in policies being discussed, but there aren't any," he said.

He added that there are only attempts to use an incident for their own interests. Datuk Abdullah invited all Malays "who are acceptable" to return to UMNO along with their followers, whose support can become an important strength in UMNO.

6942

Former UMNO Members May Establish New Party

42130162h Kuala Lumpur UTUSAN MALAYSIA in Malay 21 Jun 88 p 2

[Text] Jitra, 20 Jun—Senator Datuk Hussein Ahmad, information chief for UMNO (New), said today that he believes a group of former UMNO leaders who did not join UMNO (New) will soon form a new party.

This possibility was also voiced at Gemencih by Negeri Sembilan Chief Minister Datuk Mohd. Isa Abdul Samad. Because of that, he said, the group is trying hard to delay Malays in their joining UMNO (New).

Senator Datuk Hussein told reporters at Jitra that the group is now trying to persuade former UMNO members to become their followers.

He stated that the group does not dare to form a party now because they fear they will not receive support from the public.

He also rejected charges from certain quarters that UMNO (New) was not being received because many people want to wait and to watch further developments in the party.

He said that based on current information more than 400,000 applications for membership in UMNO (New) had already been received as of last week at the state liaison committee level of UMNO (New) throughout the country for forwarding to UMNO (New) headquarters.

Datuk Haji Mohd. Isa Abdul Samad also said, "I believe that if their efforts to revive UMNO'46 are not successful, they will form a new party, which, they say, will have the spirit of UMNO'46."

He advised Malays, therefore, to be alert to tactics being used by the group, which always denigrates the government under the leadership of Prime Minister Datuk Seri Dr Mahathir Mohamad.

6942

Speaker Rejects Proposal To Revive Former UMNO Party

42130159c Kuala Lumpur BERITA HARIAN in Malay 16 Jun 88 p 2

[Text] Kuala Lumpur, 15 June—Mohamed Zahr Ismail, speaker of the People's Council [Dewan Rakyat], on 15 June rejected a proposal made by Radzi Sheikh Ahmad, a member of Parliament from Kangar [Perlis], that the council instruct the minister of home affairs to revive the former UMNO party [United Malaysian National Organization—UMNO (Lama)].

He rejected the proposal for the reason that the matter is "sub judice," as the UMNO (Lama) case is still being considered by the courts.

According to Ghazali Abdul Hamid, the deputy secretary of Parliament, following the ruling by the speaker, the proposal will not be included in the agenda of the session of the People's Council which will begin on 27 June.

On 9 June Radzi presented a proposal that the People's Council, "in the interests of political stability and national unity," should instruct the minister of home affairs to use his powers under the Societies Ordinance of 1966 to revive UMNO (Lama), which was established at the Palace in Johor Bahru on 11 May 1946 as an organization which was registered in accordance with the relevant law.

His proposal was supported by Shahrir Abdul Samad, a member of Parliament from Johor Bahru, and Mohamed Tawfik Tun Doctor Ismail, a member of Parliament from Sungai Benut.

On 13 June Mohamed Zahir said that he would study the proposal to determine whether it was sub judice or not.

Ghazali said that Radzi would be informed in writing regarding the matter.

He said that Mohamed Zahir could reject proposals presented before the People's Council was in session under Section 27 (5b) of the regulations of the Committee on Meetings of the People's Council.

Section 27(5b) provides, among other things, that if, in the view of the Supreme Ruler, an announcement received violates a provision of the regulation on meetings, the announcement will be returned to the member who signed it.

Provision

Mohamed Zahir specifically rejected the proposal by Radzi under Section 36(2), which provides that no matter may be mentioned which is under consideration by the courts, if, in the view of the speaker, this may damage the interests of the person discussing it.

Ghazali declared that, indeed, it is the practice of the speaker to consider every proposal made by any member of Parliament before the People's Council meets, and the proposal by Radzi is no exception. Furthermore, it was not given special attention.

New UMNO Pemuda Leaders Voice Wish To Increase Membership

42130153B Kuala Lumpur UTUSAN MALAYSIA in Malay 9 Jun 88 p 4

[Text] Kuala Lumpur, 8 June—Several UMNO [United Malays National Organization] (new) Pergerakan Pemuda [Youth Movement] EXCO [Executive Committee] members, including some new faces who were appointed last night, said their primary task was to get more Malays to join the UMNO (new).

They said they thought that the Pergerakan Pemuda, which represents the right wing of the UMNO (new), under the leadership of its president, Datuk Sri Najif Tun Razak, and vice president, Mr Hashim Safin, would be more expeditious in registering members.

Mr Mohd. Nazri Abd. Aziz Yeop, one of the EXCO members who has been in the movement for a long time, said the Pergerakan Pemuda's first task now is to try to get many more Malays to join the UMNO (new).

Speaking about the present Pemuda leadership lineup, he noted that the EXCO members exemplified a group that is able to cooperate with each other and to function more actively without creating problems when meeting future challenges.

"The EXCO lineup, as well as the Pemuda leaders at the state level, make up a good front line, and I am grateful that I have been chosen to be part of the EXCO lineup. For me the position is less important than being able to participate on the committee," he said.

Mr Mohd. Sarit Haji Yusoh, a new face on the movement's EXCO, also said the Pemuda leadership headed by Datuk Sri Najif Tun Razak constitutes a good lineup. He expressed his gratitude for Datuk Razak's confidence in him and said the appointment also enabled him to work harder to mobilize the Pemuda's struggle to protect the future of the people, religion, and the nation. Mr Mohd. Sarit, political secretary of the Ministry of Education, also hailed the appointment of Mr Hashim Safin as vice president.

Mr Mohd. Sarit, who was the Temerloh Division UMNO Pergerakan Pemuda chairman from 1982 until the UMNO was banned in February, added, "Pemuda's primary task is to increase its membership; I shall work toward that end and at the same time toward heightening the Malaysia UMNO Pemuda's achievements."

Mr Rizuan Abd. Hamid, another new face, also hailed the new Pergerakan Pemuda leadership and expressed his gratitude for the confidence Datuk Najib vested in him by giving him the opportunity to sit on the Pemuda EXCO. He is a former public liaison officer who has also been the Kepung Division UMNO Pemuda chairman, secretary of the Youth Bureau of the Malaysia UMNO Pemuda, and secretary of the Federal Region UMNO

Pergerakan Pemuda. He also ran for the Pemuda EXCO in 1986, occupying the 13th seat. "With my appointment to the Pemuda EXCO, my job is more challenging, particularly with respect to registering members," he said.

Mr Rizuan also hailed the appointment of Mr Hashim Safin as the Pemuda vice president, and described the old and new faces in the organization as a strong unit for activating the Pemuda machine.

He also expressed confidence in the leadership of Mr Ahmad Mohamad as chairman of the Federal Region UMNO Pergerakan Pemuda.

The former ITM [MARA—Council of Trust for Indigenous People—Technological Institute] lecturer also hailed the appointment of Mr Hamzah Haji Mohd. Zain as chairman of the Perak State Pergerakan Pemuda, along with giving credit to past UMNO Pemuda chairmen.

In Kuala Terengganu—Haji Abdul Rahaman Bakar, former deputy chairman of the Terengganu UMNO (old) Pemuda, who was recently appointed chairman of the state UMNO (new) Pemuda, today affirmed that he would carry out the responsibilities entrusted to him along with working to unite Malays.

He affirmed that it was time the Pemuda, which represents the right wing of the UMNO (new) struggle, uprooted the seeds of separatism sown among Malays since the UMNO (old) congress of 24 April last year. Haji Abdul Rahman said the Pemuda should forget the leadership crisis and work to understand the party's policy of struggle so that the UMNO (new) could become more stable and steady.

In Kuantan—Mr Tan Aminuddin Haji Ishak, the recently appointed chairman of the UMNO (new) Pergerakan Pemuda Liaison Committee of that state, who is also the political secretary to the chief minister, described his appointment as a serious trust. He said his group intended to carry out this assignment assiduously with the support and cooperation of all levels of the organization, particularly former Pemuda leaders who headed UMNO (old) districts and branches.

Mr Tan Aminuddin expressed confidence that all tasks would be accomplished expeditiously, particularly those related to increasing the movement's activities in accordance with the desires and ideals of the leaders.

In Pulau Pinang—Mr Ahmad Saad, who was appointed chairman of the UMNO (new) Pemuda for this state, reported that he would propose that information meetings be held to clear up the doubts cast about the party's leadership. He was happy about his appointment, he said, adding that the information meetings were his priority "project" along with working to add more members to the party.

Mr Ahmad expressed the hope that the committees that still had UMNO (new) registration forms would not just hide them away, but would give them to organizations that needed them.

6804

Reaction to Appointment of New UMNO Pemuda Vice President

42130153C Kuala Lumpur UTUSAN MALAYSIA in Malay 9 Jun 88 p 8

[Text] Kota Bharu, 8 June—Mr Hashim Safin, who said he had not expected to be appointed vice president of the UMNO [United Malays National Organization] (new) Pergerakan Pemuda [Youth Movement], declared he intends to give his support to strengthening the position of the UMNO Pemuda front. Mr Hashim, who is also a member of Parliament representing Tanah Merah, said the primary task initially is to help the Pemuda president create closer relations among the Pemuda organizations in the state.

When asked to comment on his appointment, Mr Hashim said he believes that with the cooperation of his other colleagues in the leadership, their desire to create closer relations among UMNO Pemuda members will be achieved.

"Closer relations will help to gain respect for the Pemuda front, as desired by the party leadership," he said.

Mr Hashim said he was really surprised when he received a telephone call from his colleague in Kuala Lumpur last night notifying him of his appointment.

A Challenge

Mr Hashim formerly held positions as chairman of the Kelantan UMNO Pemuda and as political secretary to Chief Minister Datuk Haji Mohamad Yaacob for several years, and he now holds the position of chairman of the FAMA [Federal Agricultural Marketing Association]. Mr Hashim said he could not make a statement until he met with Datuk Sri Najib Tun Razak, the Pergerakan Pemuda president.

But he said that he intends to tackle the duties assigned to him together with his colleagues to help the Pemuda president make Malays a strong and respected community as desired by the party leadership. He pointed to the responsibility imposed by his appointment, describing it as a serious challenge that must be taken up. In this connection, he expressed his deepest gratitude to Datuk Sri Dr Mahathir Mohamad, the party leader, and to Datuk Sri Mohd. Najib Tun Razak, the Pemuda president, who had enough confidence in him to appoint him to this weighty position.

"I deeply appreciate the confidence shown in me," he remarked.

He called on his colleagues in all states in the country to cooperate with him by working jointly to make the UMNO Pemuda a strong, unbroken front for protecting the future of the people, religion, and the nation.

"Let us forget our differences, because they do nothing for us; let us become more unified to maintain the struggle to protect the future of the people, religion, and the nation," he urged.

Kelantan UMNO Pemuda Leaders

Kota Bharu, 8 June—Kelantan State UMNO Pemuda leaders described the appointment of Mr Hashim Safin, Member of Parliament representing Tanah Merah, as vice president of the Malaysia UMNO (new) Pergerakan Pemuda as an honor for the state UMNO.

They expressed confidence that his broad experience gained from the various positions he held previously would aid him in leading and guiding this genuine and challenging movement.

Hailing the appointment, Mr Mohd. Noor Haji Yaakub, one of the leaders of the Tumpat UMNO Pergerakan Pemuda, said this was a big honor for the Kelantan State UMNO.

He said Mr Hashim's appointment would further strengthen the ability of the state UMNO Pemuda front to administer the party's programs effectively.

"Mr Hashim is a resolute leader of the Pemuda and was successful in his capacity as the chairman of the state UMNO Pergerakan Pemuda a short while ago," he remarked.

Mr Razali Ismail, former vice chairman of the Pasir Mas Division UMNO Pergerakan Pemuda, declared that the appointment of Mr Hashim as vice president would prevent the possible seizure of control of central-level positions and at the same time would increase party unity.

He expressed the view that the personalities of Mr Hashim and EXCO lineup would enhance the image of the UMNO Pemuda in the entire country.

Hailing the appointment of Mr Hashim, Nik Sufian Nik Yusoff, former treasurer of the state UMNO Pergerakan Pemuda, expressed the view that this appropriate appointment would be followed by Mr Hashim's appointment as deputy or cabinet minister in the future.

UMNO Youth Calls for Resignation of MTUC Secretary-General David

42130161B Kuala Lumpur UTUSAN MALAYSIA in Malay 19 Jun 88 p 2

[Text] Kuala Lumpur, 17 June—The UMNO [United Malays National Organization] (new) Pergerakan Pemuda [Youth Movement] has ordered members of labor unions in this country to pressure the MTUC [Malaysian Trade Union Congress] to dismiss Mr V. David from his position as secretary general and take appropriate steps against him for "his treachery." Datuk Sri Mohd. Najib Tun Razak, chairman of the UMNO (new) Pergerakan Pemuda, said union members need not keep quiet about the actions of V. David, who tried to throw sand into the workers' rice pots.

Speaking to newsmen after inaugurating the University of Malaya Dormitory Student Leaders Congress held at the Zaaba Dormitory here today, he said Mr David's actions were criminal and were inexcusable. The Pemuda chairman described them as "treason" against the state.

"The UMNO Pemuda cannot pardon him if he asks their forgiveness publicly for what he has done," he said. He explained that it would be right for the MTUC to take steps to dismiss V. David from his position as secretary general of the congress and to take other appropriate measures against him.

Datuk Najib, who also is the minister of youth and sports, said the UMNO Pemuda now is considering what stern measures should be taken by the unions and the MTUC against V. David. "Whatever actions the unions take against Mr David will be reviewed carefully by the UMNO Pemuda to determine what else should be done about him," he said.

According to the minister, it is important now that stern measures be taken by the labor unions and the MTUC before others act against him. "However, it appears at this time that the unions and the MTUC have not done anything about V. David, and we are waiting for them to do so," he said.

Datuk Najib also explained that no leader was found to have been arrested under the ISA [Internal Security Act] for being active in a labor union.

"Mr V. David was detained under the ISA for his political activities which were believed to be dangerous and could affect national security and not because of the nature of his leadership of the labor unions," said Datuk Najib.

Last night V. David admitted to pressuring the American Federation of Labor and the Congress of Industrial Organizations (AFL-CIO) to request the United States to

withdraw the General Schedule of Priorities (GSP) facilities from Malaysia. Meanwhile, when speaking at the opening of the congress earlier, he advised students not to study just to graduate but to study to do more than that.

David Denies Accusation

Kuala Lumpur, 17 June—Mr V. David, the secretary general of the Malaysian Trade Union Congress (MTUC), today denied he pressured the biggest labor unions in the United States to force them to make the U.S. government withdraw General Schedule of Priorities (GSP) facilities from Malaysia.

This denial, however, was not made by Mr David personally but by Mr G. Rajasekaran, the deputy secretary general of the MTUC, who issued the hypocritical statement.

Last night Mr Lee Kim Sai, minister of labor, said that Mr David, in a meeting with Mr Lee, admitted that he had pressured the Congress of Industrial Organizations and the American Federation of Labor (AFL-CIO) to request the United States to withdraw GSP facilities from Malaysia.

Thereafter, the AFL-CIO presented a petition to the U.S. government on this matter.

When he met with BERNAMA today, Mr David did not want to comment, but he said, "Anything I have to say is contained in that statement."

Mr David said he was reluctant to speak to the newspaper because the papers had not published what he and the MTUC really said.

In the statement, Mr Rajasekaran said Mr Lee's declaration last night created confusion about what had happened during the meeting between Mr David and the labor minister.

He said Mr David had denied that he had urged the unions to withdraw the GSP but admitted to speaking about the violation of human rights and the erosion of the workers' rights.

Mr Lee who met with BERNAMA did not feel that Mr Rajasekaran's statement denied what he (Mr Lee) had reported to newsmen last night.

"Except that it was Mr David who denied what I said last night. I still stick to what I said," he declared and added that if Mr David wanted to make a denial, it had to come from him personally.

"Also, how does he (Rajasekaran) know what was discussed between Mr David and me when he was not at the meeting?" Mr Lee asked.

When questioned about what he would do if Mr David personally made a denial, Mr Lee said he would handle that question if it arose.

6804

State Minister Berates UMNO Challengers

42130163B Kuala Lumpur *BERITA HARIAN* in Malay
25 Jun 88 p 12

[Text] Seremban, Friday [24 June]—Chief Minister Datuk Haji Mohd. Isa Abdul Samad characterized UMNO's [United Malays National Organization] opponents as "husbands who are consumed by remorse over a divorce," and "persons who do not want to admit they made a mistake."

He said their feelings force them "to go hither and thither in an attempt to restore the 1946 UMNO."

"After the UMNO was banned by the court, they were busy trying to revive it. Their behavior could be interpreted as that of a husband who is consumed by remorse at being separated from his wife.

"It is only after the divorce that the husband becomes aware of his wife's good qualities, but he is too embarrassed to admit that he made a mistake," he said when speaking to FELDA [Federal Land Development Authority] pioneers in Sendayan about 25 km from here yesterday afternoon.

Serving as the chairman of the Negeri Sembilan UMNO Liaison Agency, Datuk Haji Mohd. Isa said teasingly, "Apparently the members of this group were forced to find a 'cina buta' [the intermediary husband a thrice-divorced Muslim woman must have before remarrying her original husband] before they could return to the fold."

Attending the dialogue were Datuk Mohamed Rahmat, minister of information, and Datuk Hajah Napsiah Omar, acting secretary general of the UMNO and minister of public enterprises.

Datuk Haji Mohd. Isa invited the opponents of UMNO to realize that what they did was "done in vain."

The chief minister felt their actions also might create divisions among Malays, especially among those who are UMNO members.

"Malays should accept the fact that only the UMNO can safeguard their future after the UMNO was banned by the court because of the actions of the Group of 11.

"We also should be courageous enough to accept the fact that we still need government aid in certain fields, especially in the education and economic fields, while at the same time we, of course, are encouraged to be self-sufficient," he added.

The chief minister also regretted that those who had joined the UMNO were said to be "followers who had no ideas of their own."

Rather, he characterized UMNO members as "protectors of the Malays' self-respect."

6804

UMNO Executive Committee Members Move To Register Others

42130166C Kuala Lumpur *BERITA HARIAN* in Malay
28 Jun 88 p 2

[Text] Kuala Lumpur, Monday [27 June]—Some 400,000 executive committee members from 8,000 branches have moved now to provide information and register UMNO [United Malaysians National Organization] members in this country.

"They consist of 50 members from each branch who have become executive committee members. They include members of the youth and women's wings as well as members of the branch executive committees.

"This big and strong membership definitely can easily register more former members and new Malay members," Mr Ghafar Baba noted today.

The UMNO, he said, will not have the problem of dishonest and disloyal members because the Supreme Council (MT) tightened party discipline and made the payment of membership dues obligatory.

Speaking to newsmen after attending a meeting of UMNO division and Liaison Office secretaries held at the Putra World Trade Center here today, the deputy prime minister said the UMNO MT also made the payment of dues by members one of the conditions under which they were accepted in the party.

"In addition, new members also should observe party discipline as evidence of their loyalty to the party," he said.

The closed meeting, which was chaired by Datuk Mohamed Rahmat, the UMNO secretary general, was attended by secretaries of all UMNO divisions and liaison agencies throughout the country.

Mr Ghafar said some 500,000 persons have now completed the form requesting membership. This is more than what had been projected. Earlier, the MT projected that a half million of the forms distributed would be returned by the end of October.

According to Mr Ghafar, the activist mechanism at the UMNO division and branch levels has been expanded and reorganized to attract more members to join the party.

Regarding the number of members already accepted as members by the UMNO, he said only the MT was entitled to make membership decisions.

"At this time, only the 400,000 people who were appointed to set the wheels of the party in motion have been accepted as lawful members," he said.

"They have automatically become UMNO members and are responsible for providing information and registering other members," he said.

Mr Ghafar said states with the most forms completed were Kelantan, Kedah, Selangor, and Perak. The Kelantan UMNO has submitted 47,000 membership forms at this time.

6804

Seating of MPs Awaits BN Decision on Members' Status

42130153A Kuala Lumpur *BERITA HARIAN* in Malay
9 Jun 88 p 2

[Text] Kuala Lumpur, Wednesday [8 June]—The seating of Members of Parliament in the House of Representatives will be arranged after the Barisan Nasional [National Front] (BN) decides on the status of some of its members.

Tan Sri Zahir Ismail, speaker of the House, said that he had not yet received the final word on this matter.

"Although I am responsible for arranging where House members will sit, I first need a decision from the BN on their status," he said.

He was commenting on the status of several BN Members of Parliament who either said they did not want to join the UMNO [United Malays National Organization] (new) or considered themselves members of the UMNO (old) even though that party has been declared illegal.

The speaker said he could not arrange the seating of House members as long as the BN gave him no decision or until he got the "real scoop" from the members involved.

At this time, four Members of Parliament representing the UMNO have said they did not want to join the UMNO (new). They are Datuk Musa Hitam (representing Segamat), Mr Tawfik Tun Ismail (representing Sungai Benut), Datuk Shahrir Samad (representing Johor Bahru) and Datuk Radzi Sheikh Ahmad (representing Kangar).

Meanwhile, Tengku Razaleigh Hamzah (representing Gua Musang) and several other MPs, including Datuk Rais Yatim (representing Jelebu), Datuk Kamaruzaman Ahmad (representing Tanjung Karang), Datin Paduka

Rahmah Osman (representing Shah Alam), Datuk Zainal Abidin Zin (representing Bagan Serai), Haji Ibrahim Azmi Hassan (representing Kuala Nerus), and Haji Ibrahim Ali (representing Pasir Mas) apparently are still trying to reestablish the old UMNO.

To date, Tan Sri Zahir said, only Datuk Shahrir had informed him that he had decided to be an independent member and did not have to decide where he would sit in the House of Representatives during this session.

"I cannot arrange the seating of Members of Parliament arbitrarily. They perhaps are discussing the pertinent issues outside Parliament," he said.

6804

Gerakan President Announces Termination of Gerakan-MCA Joint Council

42130166A Kuala Lumpur BERITA HARIAN in Malay
27 Jun 88 p 2

[By Roslan Hamid]

[Text] Petaling Jaya, Sunday [29 June]—The Gerakan-MCA [Malaysian People's Movement-Malaysian Chinese Association] Joint Council, established on 1 April 1985, no longer is functioning because "both parties have different political struggles," Datuk Dr Lim Keng Yaik, Gerakan president, said.

"Little understanding of our mutual differences was achieved since the establishment of this council. This ultimately led to 'it being buried' without further ado," he said.

The agreement to establish the Joint Council, whose aim was to encourage cooperation between the two parties, was signed by Datuk Neo Yee Pan, then MCA president, and Tan Sri Chong Hon Hyan, its secretary general.

Gerakan was represented by Datuk Dr Lim, its president, and Mr Kerk Choo Ting, its secretary general.

"Because they came to no mutual understanding, the two parties gradually forgot about the council. This caused its 'death' without further ado," Datuk Dr Lim said after officiating at the Darul Ehsan Selangor liaison officers conference held at the Cooperative College here today.

Regarding the confederation of the Gerakan and the Parti Bersatu Sabah [Sabah United Party] (PBS), he said several political parties on the Peninsula and in Sarawak were interested in joining it.

He said the Gerakan and the PBS were receptive to other parties joining the confederation because there would be less politicking in this country.

"The interest displayed by these parties proved that non-racial politics was being accepted by the people of this country," he said.

Datuk Dr Lim, however, was reluctant to name the parties involved but said they were component parties of the Barisan Nasional [National Front] (BN).

He reported that the constitution of the confederation had been prepared, and both parties could sign off on it at any time.

However, according to Datuk Dr Lim, signing off on the constitution was postponed to give other parties in the BN an opportunity to obtain some understanding of the confederation's aspirations.

Datuk Dr Lim said he had explained the concept of the confederation to Prime Minister Datuk Seri Dr Mahathir Mohamad.

Earlier, when officiating at the conference, he asked members of the Gerakan to make sure they really knew what their motives were for joining the party.

"The Gerakan is 20 years old and can now be said to be a mature party. I do not want any of us to have joined the party because we wanted to profit from doing so," he said.

He also asked the Chinese people in this country to accept the influence of the local culture in their way of life because "Malaysian Chinese culture is not the same as Taiwan or Hong Kong Chinese culture."

Datuk Dr Lim also said racism still controlled Malaysians, and this would delay the process of successfully achieving the Gerakan's aspiration of having non-racial politics.

6804

Criticism Voiced by DAP Acting Leader

42000435 Auckland THE NEW ZEALAND HERALD
in English 11 Jun 88 p 3

[Text] Mr Lee Lam Thye indulged himself in a rare pleasure at Auckland University yesterday.

The 41-year-old Malaysian Acting Leader of the Opposition stood before a crowd, criticised his Government and remained a free man.

In Malaysia, five MPs from Mr Lee's Democratic Action Party—including the party general secretary, Mr Lim Kit Siang—are among 100 people detained without trial in October under the Internal Security Act.

Public meetings were banned and some newspapers closed.

Mr Lee, who is acting leader in Mr Lim's absence, said that while in New Zealand he would ask cabinet ministers and MPs to send a combined message of protest to the Malaysian Prime Minister, Dr Mahathir Mohamad, over human rights abuses.

The veteran MP told his audience at the university that the Malaysian Government had decided to "be more and more repressive."

The mass imprisonment of political and religious opponents of the regime had been justified by the Government on the ground of racial tension between Malays and ethnic Chinese.

Mr Lee said the Democratic Action Party offered to join the Government to work against racial polarisation.

"But they rejected that and arrested our MPs in the name of national security. I say those creating racial tension in the country are those within the Government."

"This Government's nation-building policies are not in the right direction. Racial polarisation is increasing day by day."

One of the aims of his trip to this country was to inform the thousands of Malaysian students in New Zealand universities of the extent of the Government's crack-downs.

Many in the audience yesterday were young Malaysians, and Mr Lee said he hoped to form a Democratic Action Party club in Auckland.

"The Democratic Action Party is a non-violent party. We are not pro-communist. We are open democrats."

Despite his freedom to speak yesterday, his comments may yet lead Mr Lee to a Kuala Lumpur jail cell he says.

"I am prepared to face whatever the consequences may be when I get home. I am here not to run down my country. I am here to tell people about the Government's undemocratic action. If I am going to be arrested, I am prepared to face the music."

/9274

Detained DAP Leaders Banned From Holding Office

42000442 Kuala Lumpur NEW STRAITS TIMES in English 3 Jul 88 p 3

[Text] Kuala Lumpur, Sat.—The Registrar of Societies, Puan Zakiah Hashim, has rejected the application of five DAP leaders who are detained under the ISA, to hold office in the party.

This was stated today by DAP acting secretary-general Lee Lam Thye in a statement.

Mr Lee said the Registrar's decision was conveyed in letters to the five leaders—Lim Kit Siang, Karpal Singh, P. Patto, Lau Dak Kee and Lim Guan Eng.

He said according to Puan Zakiah, she found no reasonable and appropriate grounds to grant them an exemption after considering the applications thoroughly.

At the DAP congress in Petaling Jaya last April, the delegates re-elected Mr Lim Kit Siang as secretary-general, Mr Karpal Singh as national deputy chairman, Mr Patto as deputy secretary-general, and Mr Lau and Mr Lim Guan Eng as central working committee members.

However, Section 9A(1)(c) of the Societies Act prohibits a person under detention from holding office in a registered society.

Mr Lee said that as for Dr Tan Seng Giaw and Dr V. David, the Registrar granted the exemption after taking into consideration the decision by the Home Affairs Minister to suspend the detention order effective from June 3 with conditions.

Accordingly, they were allowed to hold office in the DAP, he added.

Mr Lee said the party's central working committee would meet next week to discuss the Registrar's rejection letters and decide on the next course of action.

Under Section 18 of the Societies Act 1966, an appeal against the Registrar's decision has to be made to the Home Affairs Ministry within 30 days from the date of the Registrar's decision.

/08309

Ghafar: 'No Political' Imprisonment, Only for 'Dangerous Behavior'

42130163C Kuala Lumpur BERITA HARIAN in Malay 26 Jun 88 p 2

[Text] Kuala Terengganu, 25 June—Political leaders who were arrested in this country are not political prisoners but were arrested because of their activities raised racial issues and other matters that could endanger the nation.

"There are no political prisoners in this country, but there are those who have been arrested because of their dangerous behavior. That is what is called democracy in this country," Mr Ghafar Baba, deputy prime minister, remarked today.

He said some people in this country and abroad perhaps were envious or irritated about something and criticized this country, saying Malaysia was a police state.

"However, these are the individuals who, after taking case after case to court, do what they wish to do while the people also expect more police personnel to be employed to guarantee law and order.

He talked about this matter when he spoke at the meeting and dialogue with people's delegates, members of KEMAS [social advancement classes], and school teachers from throughout Terengganu at the Darul Iman House here today.

Mr Ghafar Baba, who also is Minister of National and Rural Development, said the world economic recession and the drop in commodity prices caused many things that were planned for the people to be aborted, and this had created a dilemma.

For that reason, he said, the government will offer support to the establishment of plants that produce industrial goods and will open up more agricultural areas.

Regarding the amendments to the UMNO constitution, he said these were not permanent amendments. If they were found to be deficient or ineffectual, they could be re-amended.

He said the formula of offering 10 votes to candidates proposed at the division level along with the votes cast by the delegates in the UMNO elections was more democratic.

"The votes cast and the decisions made at the division level may not be set aside by the 1,500 delegates of the people," he remarked.

These amendments were not made only to support the interests of the current prime minister but were made also in the interests of subsequent prime ministers wherein the rights of and the votes cast at the division level for leadership candidates could no longer be set aside.

At that meeting also, he explained that the UMNO would accept as many members as possible, and anyone who wanted, at the division level, to have a person rejected for membership could appeal to the Supreme Council for reconsideration.

"No obstacles are placed in the way of anyone who would like to take a position or aspired to be a leader by offering himself to serve because this is good, but this is bad if the individual tries to destroy the party," he said.

He said UMNO members should not be confused because the organization's goals and purposes of defending the sovereignty of the people through a parliamentary democracy, upholding the constitutional monarchy, and building the people's economy have not changed.

How well the Malays received the UMNO was different from the membership estimates made by those who wanted to destroy the party. For example, 47,000 people in Kelantan requested membership even though that state was said to be problematical in this respect.

"Registration of members now is slow because some people hoped the 1946 UMNO could be revived. Actually, this hope has been frustrated, and the UMNO now is the spokesman of the struggle to protect the future of the people, religion, and the nation," he remarked.

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Seven ISA Detainees Released, Conditions Attached

42130147A Kuala Lumpur UTUSAN MALAYSIA in Malay 4 Jun 88 p 3

[Text] Ipoh, 3 June—Seven persons, including Dr Tan Seng Giaw and Dr V. David, two members of Parliament representing the DAP [Democratic Action Party], were released from detention under the ISA [Domestic Security Act] this afternoon.

Five others were Haji Suhaimi Said, an attorney and a PAS [Party Islam Se-Malaysia—Pan-Malaysian Islamic Party] member, Lim Chin Sin, member of the Aliran Executive Committee, Cecilia Ng Chuan, lecturer at the Malaysian Agriculture University, Sim Mou Yu, chairman of the United Chinese Schoolteachers Union, and Lim Fong Seng, chairman of the United Chinese School Administration Institute (UCSCAM).

They were among 106 persons, who included politicians and members of organizations, arrested under the mass detention operation which began at the end of last October. The five released today were the first group to be released out of 49 persons who were ordered to be imprisoned at the detention center. Earlier the government released other individuals in stages 60 days after their arrest. One of those released, Dr Tan Seng Giaw, a member of Parliament representing Kepung, reported in a news conference held at the home of a friend in Taiping, that they were released from the Kemunting Protective Detention Center at 4:30 this afternoon.

Conditions Attached

Dr V. David is a member of Parliament representing Pucung. The former ISA prisoners were taken by prison bus from the center to the Taiping bus station. Dr Tan

reported he was released under five conditions, among them the condition that he not leave Kuala Lumpur and Petaling Jaya without written permission from the police.

He said he was satisfied with the treatment he received in the detention camp.

Meanwhile, the Central DAP Pergerakan Pemuda [Youth Movement] welcomed the government's release of the seven prisoners, especially the two party dignitaries.

When contacted by a UTUSAN employee here, Mr Mohd. Fadzlan Yahya, chairman of this movement, said the DAP was delighted that the government was so responsive to the people's demands.

Commenting on the release of Dr V. David and Dr Tan Seng Giaw, his two colleagues, the chairman, who also is a member of the Pasir Bedamar State Legislative Assembly, said the other prisoners, especially DAP members (four other persons), should be released immediately.

According to Mr Mohd. Fadzlan, this should be done because the political climate and situation in this country now is calm. He said that Dr Tan had been given political freedom.

The Central DAP, he said, will hold a news conference tomorrow or will issue a statement in connection with the release of the DAP prisoners.

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Proposal To Study Conditions of Political Prisoners Rejected

42130166D Kuala Lumpur UTUSAN MALAYSIA in Malay 28 Jun 88 p 5

[Text] Kuala Lumpur, 27 June—The House of Representatives today rejected a DAP [Democratic Action Party] proposal that urged the formation of an investigation committee that would be free to study the conditions of political prisoners in the Kemunting Detention Center in Perak.

Responding to the proposal presented by Mr Lee Lam Thye, deputy chairman of the opposition, Datuk Megat Junid Megat Ayob, deputy minister for home affairs, said matters raised by the DAP, nevertheless, would be investigated for their authenticity.

Datuk Megat explained that conditions in the Kemunting Detention Center met the established guidelines, moreover, the International Red Cross Organization, which visited the center in 1986, was satisfied with conditions there.

"The Visitors Board can also inspect the center at any time and at least once a month complaints can be brought to the attention of the authorities," he said.

He added that the authorities would carry out such proposals when necessary, but the public had to remember that the detention center was a place of detention, and conditions there could not be compared with conditions on the outside.

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Foreign Minister To Discuss Refugee Problem With Hanoi

42130172b Kuala Lumpur BERITA HARIAN in Malay 6 Jul 88 p 5

[By Mohd. Noh Senan: "Malaysia Prepared To Take Refugee Issue to Hanoi"]

[Text] Bangkok, Tuesday [5 July]—Foreign Minister Datuk Haji Abu Hassan Omar will visit Hanoi in several weeks to discuss the question of Vietnamese refugees, said Datuk Yusof Hitam, chief secretary of the Foreign Ministry.

Speaking to Malaysian reporters here today at the close of the 21st ASEAN Foreign Ministers Meeting, he said Vietnam welcomes the visit of the Malaysian foreign minister at any time.

"The visit will be in connection with both bilateral and multilateral efforts to resolve the issue," he said.

Datuk Yusof said that in his meetings Datuk Haji Hassan will explain refugee difficulties and issues to Vietnamese leaders.

He said the Vietnamese refugee question will also be discussed when ASEAN Foreign Ministers hold talks with their dialogue partners on Thursday [7 July].

Speaking to the ASEAN Foreign Ministers Meeting last night, Datuk Abu Hassan said Malaysia is willing to host the preparatory meeting for the international meeting on Indochinese refugees scheduled for next year.

He said the conference is necessary and important for resolving the issue.

Datuk Yusof said Malaysia must stress the importance of holding another international conference on refugees, primarily to countries that participated in the first conference, which was held in Geneva in 1979.

Datuk Yusof said that Malaysia is emphatic that the conference be held, because it is in accordance with efforts being made to resolve the refugee issue.

"The rate at which Vietnamese refugees are being placed is not as fast as hoped, and some of them have lived in temporary tents for a considerable time," he said.

Another problem that has arisen is an increase in the number of refugees coming from Vietnam because of economic problems, whereas previously their reason was lack of assurance of safety in living there.

Malaysia, which now has placed more than 13,000 refugees, at Pulau Bidong, for example, wants the problem resolved at the national and international level, in accordance with the 1979 conference.

Earlier, in a joint press conference with all ASEAN foreign ministers, Datuk Haji Abu Hassan said ASEAN would form a working committee to arrange preparations for the international conference.

Expected participants in the conference are primary recipients of refugees, third countries that place refugees, Vietnam, and several interested groups, in addition to the United Nations High Commissioner for Refugees (UNHCR).

Speaking at the closing of the 21st Meeting, Datuk Haji Abu Hassan said that the meeting of ASEAN foreign ministers with their dialogue partners on Thursday would give opportunity for ASEAN to exchange views on regional and international issues.

"Furthermore, it will give opportunity to ASEAN to restudy existing cooperation and to plan new directions in related sectors," he said.

6942

Malaysian Air Force Restructures Organization
42130147B Kuala Lumpur BERITA HARIAN in Malay
5 Jun 88 p 3

[Text] Kuala Lumpur, 4 June—The Royal Malaysian Air Force (TUDM) has restructured its organization to make it more capable of meeting future challenges.

Lieutenant General Datuk Sri Mohamed Ngah Said, Air Force commander, said under the new organization, the TUDM has an administrative structure based on three organizational spheres of responsibility and three command systems.

However, he said the Air Force Department will continue to act as the locus and pulse of the TUDM and will be responsible for formulating policy and doctrine and will guide TUDM development.

Speaking at a formation celebrating the 30th anniversary of the TUDM held at the TUDM Station here today, he said three administrative and service commands were created, namely, the air defense administration, air support administration, and air training administration.

He said the role of the responsibility for unit operations have not changed except that the administrative channels follow the command structure.

"I am firmly convinced that the new organization will make the TUDM more dynamic, responsive, and effective," he explained.

More Capable

Nevertheless, Datuk Sri Mohamed said, the restructuring of itself cannot succeed unless TUDM personnel in all grades change their attitude.

"In looking at the future as forecast, it is necessary for us all to pay serious attention to the way we handle and carry out the tasks assigned not only by being careful about expenditures but also by maximizing the effectiveness of whatever resources are made available," he said.

Therefore, he explained, the attitude of TUDM personnel must change so that they put TUDM interests before their own in managing efficiently the resources allocated.

"We also must instill a spirit of achieving successful results and efficiency through innovation, technological breakthroughs, and initiative," he added.

In addition, he said a fighting spirit and a competitive spirit are needed to achieve success.

In an earlier speech, the general said he would like to propel the TUDM into a more modern era in which it is respected and recognized as an organization that is alert, full of energy, effective, capable, proficient and always in the air to guard national interests.

"Toward this end, air strength or 'air power' must always be given priority," he said.

Gratitude Expressed

The general expressed his gratitude for the TUDM's capability to meet the challenges of guarding national interests despite all shortages.

As part of the ceremony, he delivered charters to the three commanders: Brigadier General Datuk Yunus Tasi, air support commander, Brig Gen Datuk Abdul Ghani Aziz, air defense commander, and Brig Gen Fauzi Hussain, air training commander.

Six officers received the air force commander's certificate and another, Major Ibrahim Hashim, received the "green endorsement" certificate.

Earlier, the commander inspected and received a salute of honor from the 387 members of the Air Force, including 32 officers, headed by Lieutenant Colonel Jamaluddin Tajuddin and Major Mohd. Hatta Mahmud, the formation adjutant.

Two former TUDM commanders attended the ceremony, namely, Air Vice Marshall J.N. Stacey, who came to Malaysia from London expressly for the ceremony, and Air Vice Marshal Datuk Sulaiman Sujak, the former fifth chief of staff.

6804

Government Considers Submarine Purchase

42130172a Kuala Lumpur BERITA HARIAN in Malay
6 Jul 88 p 3

[Excerpt] The government is still considering the type of submarine it will buy, giving attention to price, capabilities, and suitability for use in its area of operation.

Minister of Defense Tengku Ahmad Rithauddeen said the price and type of vessel to be bought cannot be announced to the House of Representatives yet, because the matter is still under final consideration and study.

In reply to a question by Numikman Abdullah (independent, Kimanis), he said the purchase of submarines is an important step in improving naval defense capabilities against threats of penetration from any quarter.

In response to a follow-up question by Haji Ibrahim Ali (BN [National Front], Pasir Mas), he said it is not true that Malaysia always buys used equipment.

"Although we want to buy the most modern equipment, and although we are able to buy it, we are not able to bring it in," he said.

Haji Ibrahim said our armed forces usually buy used military equipment, and sometimes we incur great expense in purchasing replacements.

6942

Increase Reported in Foreign Investment

42130157C Kuala Lumpur UTUSAN MALAYSIA in
Malay 15 Jun 88 p 1

[Words in italics as published]

[Text] Ipoh, 14 June—In the first 4 months of this year, Datuk Paduka Daim Zainuddin, Minister of Finance, said, the government received 255 applications for manufacturing licenses, pledging a total capital outlay of M\$4 billion. This was more than a twofold increase in the number of applications received and a manifold increase in total capital invested over the same period of last year.

In 1987, 109 applications for manufacturing licenses were received, involving a total investment of M\$805 million in the first 4 months of the year.

Speaking at the commencement of a Perak State investment seminar held at the Hotel Royal Casuarina here this morning, he explained that foreign investors were confident about investing in Malaysia. Chief Minister Dato' Sri Ramli Ngah Talib and 157 other persons, including 37 from the United States, Taiwan, and Singapore, are participating in the 2-day seminar. "This also illustrates that investors have confidence in Malaysia's continuing political stability and are not readily influenced by the state of uncertainty in this country portrayed in the foreign media," he explained.

Datuk Paduka Daim also hailed the participation of Taiwan in the seminar while calling attention to the fact that to date the Malaysian government through the MIDA [Malaysian Industrial Development Agency] had given its approval to the operation of 17 Taiwanese industries. He said Taiwan's involvement in the manufacturing sector included companies that manufactured rubber gloves, plastic toys, furniture, electronic items and other goods, and a minimum of 80 percent of the products of these plants would be exported.

Concerning Perak as an investment area, Datuk Paduka Daim Zainuddin informed foreign investors that the state had a good infrastructure which included the expanded Ipoh Airport, costing more than M\$35 million as well as good connections with the Ipoh-Cangkat Jereng Highway which is to be extended. According to the minister, the tourist sector has been identified by the Perak and Federal governments as an industry that could be developed and operated together with investors.

"In Perak there are a number of areas which could be developed and which could become well known at the international level, moreover, if they were to be developed cooperatively with local investors," he said. Regarding Malaysia's economy, the Minister of Finance said there were encouraging signs recently which indicated that the national economy would experience a stronger recovery. He said in addition to the rising export prices for primary goods, an increasing number of applications had been received for manufacturing operations in other sectors related to the export market, such as textiles, electronics and wood-based items.

"The national economic growth is also forecast to increase more than 4.7 percent over the growth rate it experienced last year," he said. The minister also hoped the state governments as well as government agencies in this country would provide appropriate facilities to foreign investors who might want to invest in this country in the future so that they would not have to go through so much *red tape*.

6804

Agreements Reached With Singapore on Ferry Service, Trade

42130166B Kuala Lumpur UTUSAN MALAYSIA in Malay 28 Jun 88 p 1

[By Rozaid Abdul Rahman]

[Text] Kuala Lumpur, 27 June—Malaysia and Singapore today agreed to build a new bridge to supplement the Johor Causeway, which is the main connection between the two countries.

This agreement was reached in discussions held by Prime Minister Datuk Dr Mahathir Mohamad and his counterpart, Mr Lee Kuan Yew, at the Prime Ministers Office (JPM) here this afternoon. In the 2-hour meeting, the Singapore Government also agreed to purchase Malaysian natural gas while the Malaysian government agreed to supply more untreated water to that republic which, when treated, will be re-exported to this country. The flow of water will be increased to 2.25 billion cubic liters as requested by Singapore.

Both governments today agreed in principle to create a ferry service as another means of communication that could encourage tourism between the two countries. The officials at the Putra House felt the understanding achieved in today's meeting was a big success for both countries in their efforts to heighten their already smooth cooperation.

Datuk Yusof Hitam, chief secretary of the Foreign Ministry, reported at the news conference held after the meeting that the memorandum of understanding on the four basic agreements should be signed by the two prime ministers at the JPM tomorrow morning.

Ferry Service

Datuk Yusof said the discussions only touched on the four matters upon which agreement was reached today and no other issues although earlier, Singapore sources reported that tourism, the value of the ringgit [Malaysian dollar] and the Singapore dollar, and other internal political questions would also be discussed at the meeting. However, he said the two sides had been successful in achieving mutual understanding on the four basic agreements.

He added that other issues involved in these four matters would be taken up in an official-level discussion to be held this evening.

"Initial agreement has been reached in principle and we now must only settle specific questions involving legal matters," he said.

In response to another question, Datuk Yusof replied that the basic elements of the memorandum would be completed this evening, principally the wording of the memorandum where legal questions are involved.

Regarding the ferry service, Datuk Yusof added that the Singapore Government said the initial agreement referred to building a jetty while specific questions in regard to gas and water supplies and the bridge would be settled before the memorandum was signed tomorrow.

"Everything will be settled this evening," he said.

Today's meeting was attended by Datuk Paduka Daim Zainuddin, minister of finance, Haji Muhyiddin Yassin, Johor chief minister, and Dr Richard Hu, Singapore minister of finance.

After the meeting between the two prime ministers, they also sat for 30 minutes with their respective delegations in another room in the Prime Minister's Office to report on the discussions held earlier in Datuk Sri Dr Mahathir's office.

Attending the two meetings for the Malaysian side were Datuk Abu Hassan Omar, foreign minister, Tan Sri Salehuddin Mohamed, national chief secretary, Tan Sri Abu Talib Othman, national attorney, Tan Sri Azizan Azinal Abidin, PETRONAS [National Petroleum Company] president, and Datuk K. Tharmaratnam, Malaysian high commissioner to Singapore. Senior officials from Singapore attending this meeting included Lee Ek Tieng, permanent secretary of the Ministry of Finance (Revenue Section) who also is the chairman of the Singapore Public Facilities Board, Peter Chan Jer Hing, permanent secretary of the Ministry of Foreign Affairs, and S. R. Nathan, Singapore high commissioner to Malaysia. This evening Datuk Sri Dr Mahathir hosted a dinner for Mr Lee at the Hotel Pan-Pacific here. After signing the memorandum of understanding tomorrow, Mr Lee will visit Langkawi Island to observe tourism projects in that vacation area before leaving for Singapore the next afternoon.

6804

Joint Ventures With Taiwan Announced

42130161A Kuala Lumpur BERITA HARIAN in Malay 19 Jun 88 p 1

[Article by Hafifi Hafdz]

[Text] Taipei, Saturday [18 June]—Thirty Taiwanese companies are planning to invest M\$89 million in Selangor and to purchase for this purpose 53.8 hectares of industrial land held by the Selangor State Development Agency (PKNS).

Mr Salamon Selamat, deputy director (for management) of the PKNS, said an agreement had been reached by that organization in a meeting held with Taiwanese investors 5 days ago.

The PKNS is the agent for the state-government owned syndicate affiliates that joined with local investors in the discussions held on Sunday in Selangor to encourage foreign investors to come to Malaysia.

Speaking at a news conference here today, Mr Salamon said of the 30 companies, 3 had agreed to purchase 9 hectares of land valued at M\$6 million in Bangi and in the Taiwan Industrial Park in North Klang Strait.

He said the companies signed the agreement and the purchase commitment last night and another company was expected to do so on Monday.

Mr Salamon noted that the companies that purchased the land in North Klang Strait will invest M\$12.5 million there and will also invest \$7.5 million in Bangi. The investment of another company in North Klang Strait will be announced in August.

"However, the 30 companies basically have agreed to invest M\$89 million in an industrial base covering an area of 53.8 hectares," he said.

Mr Salamon said the companies will produce various manufactured goods such as rubber gloves, electrical components, semiconductors, furniture, textiles, kitchen and sports equipment as well as operate an aquaculture project.

He said the response by Taiwanese investors during the 5-day discussions to the purchase of PKNS industrial land, especially in North Klang Strait, was very encouraging.

"The PKNS is confident that all of the Taiwanese industrial region in North Klang Strait will be purchased by August. If the 27 Taiwanese companies agree to purchase the land, only 13 hectares will remain," he said.

Earlier, the PKNS allotted 30 hectares to the Taiwanese industrial region and raised this to 46.12 hectares because more applications were received.

Mr Salamon said representatives of the 27 companies will be in Selangor at the end of this month to observe the industrial base whose purchase thereafter is expected with the signing of the purchase agreement.

He said the Taiwanese companies that purchased the land in the North Klang Strait industrial region will be able to start planning operations for building their plants in a few more months.

According to Mr Salamon, the region's marketing facilities will be prepared by the PKNS before November to allow the Taiwanese investors to begin operations by the end of this year.

Country's Potential To Be Largest World Producer of Cocoa Stressed

42130156d Kuala Lumpur BERITA HARIAN in Malay 12 Jun 88 p 3

[Text] Bagan Datoh [Perak], 11 June—Malaysia has the potential of becoming the largest world producer of cocoa in the next 10 years, surpassing the Ivory Coast and Brazil, if three strategies to increase output are successful.

Dr Mohamad Yusuf Hashim, chairman of the board of directors of Mardi, said that this objective could be achieved earlier if the strategy involved is carefully followed to make sure that its implementation follows the plan.

According to him, the three strategies which are being implemented include: improving planting by using the technique of grafting the best available plant varieties in the area, opening up new planting areas, and introducing cocoa as an additional crop in other planting areas.

He said that at this time the Ivory Coast is producing about 500,000 metric tons of cocoa annually. Brazil produces more than 400,000 metric tons, while Malaysia produces more than 300,000 metric tons, having surpassed Ghana not long ago.

Dr Mohamad Yusuf made this statement to reporters after a ceremony in connection with the visit by the sultan of Perak on 11 June to the Mardi Research Center at Sungai Sumun, near Bagan Datoh.

Previously, when he paid a courtesy call on the sultan of Perak, he said that the States of Sarawak and Pahang have the potential of becoming the greatest producers of cocoa in this country, by opening up new planting areas and using plants grown from the best types of seeds.

In addition, he said, increased efforts are being made to encourage producers to plant up to 3,000 trees per hectare in dry field areas. He said that this follows the success of tests which made it possible to produce more than 3 metric tons per hectare.

He said that other actions are also being taken to encourage small planters to operate their cocoa farms on a commercial basis by using grafts from the best types of plants.

Mohamad Yusuf asked small planters to be ready to follow this strategy in the effort to expand the development of the cocoa industry in this country.

Report Issued on Country's Foreign Reserves

42130172c Kuala Lumpur UTUSAN MALAYSIA in
Malay 6 Jul 88 p 2

[Text] Kuala Lumpur, 5 Jul—Malaysia last year had foreign reserves amounting to 19.52 billion ringgits, which could pay for the country's imports for 7.4 months. Deputy Minister of Finance Senator Fard Ariffin said at the House of Representatives today.

He said the country's balance of payments also was strong last year, with a current account balance of 5.887 billion ringgits.

In reply to a question from Hap Mohd. Zihin Hap Hassan (BN [National Front], Larut), the deputy minister stated that foreign reserves and the balance of payments were strong and are expected to remain so this year.

He said he expects the government's financial status to improve this year through a projected increase of government revenues from 17.832 billion ringgits last year to 21.178 billion ringgits this year.

6942

Finance Minister on NEP Beyond 1990

42130163A Kuala Lumpur UTUSAN MALAYSIA in
Malay 24 Jun 88 p 1

[Text] Kuala Lumpur, 23 June—Datuk Paduka Daim Zainuddin explained that the primary targets of the New Economic Policy (NEP) will continue to be the principal elements upon which the government's economic policy will be founded beyond 1990.

"We still have problems we are trying to solve with the NEP, therefore, the principal elements of our economic policy beyond 1990 will be the same as they are now," he said. However, the Minister of Finance noted, the government will continue to be sensitive to new ideas and will continue to review carefully the present policy. "If necessary, the government will make appropriate changes in the implementation of that policy," he explained in a speech closing the 1989 pre-budgetary dialogue held at his ministry this afternoon.

The government, he said, will continue to keep an open mind and maintain a rational and pragmatic attitude, particularly toward the private sector.

Datuk Paduka Daim gave his guarantee that the government would continue to offer incentives and support to the private sector even though some industrial nations considered such stimulus as subsidies.

"We will continue to offer incentives to the private sector, but at the same time we must bear in mind that such incentives may not be offered unlimitedly to the point where they weaken our manufacturing sector.

"Too many incentives perhaps might have a negative impact and generate a group of less effective domestic investors and might weaken their capability to compete," he added.

Touching on efforts to encourage national economic growth, Datuk Paduka Daim said, therefore, prime attention is to be given to accelerating the growth of small- and moderate-sized industries and the agricultural sector, improving the performance of government-owned companies, and strengthening the national financial position.

"In addition, the government will continue to support rural development since many people still do not have the needed basic facilities.

"These strategies will simultaneously reduce unemployment," he said. Datuk Paduka Daim also asked banks to grant more loans to merchants and to offer guidance as well as aid to those who needed help with financial management so that businesses that had problems could recover.

The minister also was pleased with the measures taken by commercial banks to reduce the base rates for new loans because this encourages investment. "Loans from the banking sector have been revived with the 5.1 percent growth rate achieved by the end of May compared with the 0.5 percent growth rate at the end of May 1987," he remarked.

6804

Projects Approved for Privatization

421301596 Kuala Lumpur UTUSAN MALAYSIA in
Malay 16 Jun 88 p 2

[Text] Kuala Lumpur, 15 June—The government has approved four projects to be privatized by the end of 1988 or the beginning of 1989 and is considering 67 other projects for privatization, which will be carried out gradually over the next 10 years.

The four projects which have been approved include the Metrolink Rapid Light Transit System [Sistem Transit Laju Ringan Metrolink—LRT], the Sabah-Labuan Electric Transmission Project, hotels for the Malaysian Tourist Development Commission (TDC), and the plan for a state printing office.

Yahya Abdul Wahab, the managing director of the Economic Planning Unit in the Office of the Prime Minister, announced to reporters at a press conference held on 15 June that of the 67 projects being considered for privatization are the State Electricity Organization [Lembaga Elektrik Negara—LEN], airfields, the Postal Service Office, Malaysian Railways [Keretapi Tanah Melayu—KTM], and the harbors at Klang, Penang, and Malacca.

Other and no less important projects include the Lumut [Perak] Dockyard, the Medicine and Stores Laboratory of the Ministry of Health, the City Council Earth Construction Enterprise [Pembetulan Najis Dewan Bandaraya—DBKL], the Ipoh Water Supply System, and the State Electricity Organization Coal Terminal.

Yahya Abdul Wahab made this statement at a ceremony held in Kuala Lumpur on 15 June for the signature of an agreement entered into with J. Henry Schroders Wagg Co., Ltd., a British merchant bank. The bank will provide a plan for a privatization center valued at M\$2.4 million.

He said that at this time the government privatization policy has been under implementation for the past 4 years. During this time 15 projects have been privatized.

He said that among these projects are the AIROD, the North Klang Straits Highway, the Kucing-Kepung [Sarawak] Highway Bridge, Toto Sports Ltd, TV Channel 3, Malaysian Airways, MISC, the Klang Harbor Container Terminal, the Labuan [Sabah] Water Supply Project, the North South Highway project, and the Telecommunications Office project.

He added that, as in the case of all new policies, the implementation of this policy was not as easy as expected.

He said that various obstacles had been met, including problems connected with the law, personnel matters, public attitudes, and matters of administration.

05170

Plan To Make Kuantan 'Most Strategic Port' in Pacific Area

42130159d Kuala Lumpur *BERITA HARIAN* in Malay
17 Jun 88 p 7

[Text] The Kuantan Port Authority [Lembaga Pelabuhan Kuantan—LPKN] wants to make the port the most strategic harbor for the handling trade and cargo in the Pacific area, particularly from China.

Ismail Tengku Muhammad, chairman of the LPKN, made this statement in connection with action that has been taken to improve cargo and ship handling in that harbor.

In a statement which was issued on 14 June after a meeting of the board of directors of the harbor, he said that to reach this goal, the LPKN has prepared four principal strategies:

—Adding a covered warehouse area for the production of wood products;—Increasing refining and drying facilities;—Reducing the time for handling cargo exported to or imported from new destinations or sources;—Improving and raising the level of services and harbor support activity.

Ismail also said that the LPKN has succeeded in attracting two foreign joint venture companies, which will invest M\$15 million and will increase cargo handling capacity to 180,000 metric tons per year in the harbor. This makes it 12 firms which are currently operating in the harbor.

According to him, the development of the harbor at Kuantan has been encouraging recently, and this shows clearly in the achievements recorded in the first 5 months of 1988.

Cargo Handling

He was satisfied because cargo handling capacity in the harbor increased by 51.6 percent during the first 5 months of 1988 to 742,003 metric tons, compared to 489,340 metric tons during the same period of 1987.

According to him, 26.9 percent, or 200,140 metric tons of the cargo total consisted of imported goods, while the balance consisted of export cargo. This increase was achieved, following the increase in the sale of Malaysian commodities at the international and domestic level.

From January to May of 1988 the tonnage of palm oil handled by the harbor increased by 62.6 percent; lumber and plywood increased by 114.7 percent; palm oil residue, by 55.5 percent; petroleum, by 17.6 percent; flour, by 15 percent; and semi-finished materials, by 6.9 percent.

Steel is also now being imported through the harbor. The Felde steel mill, which is in operation in the harbor, caused import cargo handling to increase by 30,000 tons per year.

During the period under review the number of ships handled by the port increased by 7.2 percent, from 248 ships in the first 5 months of 1987 to 267 ships during the first 5 months of 1988.

The amount of cargo handled by the harbor during the period under review increased by 14.9 percent, from 1.52 million metric tons in the first 5 months of 1987 to 1.75 million metric tons during the first 5 months of 1988.

Harbor docking facilities are capable of handling 2.8 million metric tons of cargo per year, and the harbor authority calculates that it will be able to achieve 60 percent use of the facilities at its three docks in 1988, compared with 53 percent use of the facilities during 1987.

05170

Columnist Analyzes Growing Anti-Americanism in Senate, House

42000418b Quezon City MALAYA in English
6 Jul 88 p 5

[Article by Ben Evardone: "Growing Anti-U.S. Sentiment"]

[Excerpt] The U.S. Government, confident that the House would water down the Senate-approved bill banning nuclear weapons from Philippine territory, particularly inside the U.S. military bases, because it is dominated by conservatives and traditional politicians, may be in for a big surprise when it votes on the measure.

Though the House is widely perceived as the bastion of traditional politics, there has been a significant change in its orientation as the vanguard of U.S. interests. It may not be surprising if a majority of the congressmen would vote for the retention of the U.S. military bases mainly because of the American line that the bases are part of the country's security against possible external threat, but when it comes to the issue of nuclear weapons, it would be safe to speculate that most likely they will vote in favor of the ban, out of fear of the terrible consequences of a possible nuclear attack by external forces hostile to the U.S.

To the surprise of many observers, some congressmen who could be considered as members of the dominant right of center block in the House have already signified their support for the four bills pending in the chambers, all seeking to implement the constitutional provision on nuclear ban.

The congressmen don't care what the Americans say about the U.S. bases being useless if they were not allowed to store nuclear weapons. The common line of the congressmen is that nuclear weapons pose a threat to the country's national security and survival.

Among the congressmen who are not expected to support the snowballing anti-nuclear move are Reps. Gualberto Lumauig (Ind., Ifuago), former spokesman of deposed President Marcos; former basketball star Freddie Webb (Laban, Parangue), Miguel Romero (Laban, Negros Oriental), Enrico Dayanghirang (Laban, Davao Oriental), Amado Bagatsing (Unido, Manila), Eduardo Pilapil (Laban, Camarines Sur), former deputy health minister Narciso Monfort (Laban, Iloilo), Thelma Almario (LP, Bukidnon), Violeta Labaria (PDP-Laban, Bukidnon), Magdaleno Palacol (Laban, Laguna), chairman of the committee on suffrage and electoral reforms; Francisco Aniag, Jr. (Laban, Bulacan), Eduardo Joson (Ind., Nueva Ecija), Nereo Joaquin (Laban Laguna), Jesus Punzalan (LP, Mindoro Oriental), Florante Aquino (Laban, Laguna), Milagros Laurel-Trinidad (Unido, Batangas), daughter of former speaker Jose B. Laurel, Jr., and Juanito Camasura (PDP-Laban, Davao del Sur).

Of course, the members of the "nationalist bloc," such as Reps. Bonifacio H. Gillego (NUCD, Sorsogon), Venancio Garduce (PnB, Western Samar), Anna Dominique Coseteng (Kaiba, Quezon City) and Florencio Abad (LP, Batanes), Oscar Rodriguez (PDP-Laban, Pampanga), principal authors of three separate bills all implementing the constitutional provision on nuclear weapons, and Edcel Lagman (Laban, Albay) are spearheading the anti-nuke move in the House.

Even Rep Jose V. Yap (PDP-Laban, Tarlac), chairman of the committee on national defense which has jurisdiction over the nuclear bills, appears inclined to vote for the anti-nuke bill. Yap had already visited Vietnam to find out whether there was any truth to the U.S. Propaganda that, because of Soviet presence at Camh Ranh Bay, the USSR would come in if the U.S. bases were dismantled. Yap is ready to prove to the U.S. government that Camh Ranh Bay poses no threat to the country's security. "It's a Vietnamese base and there are no Soviet troops in Vietnam," he says.

With the strident clamor for peace and the growing nationalist sentiment, it is not surprising if the House should adopt the anti-nuke bill.

Apart from this, the recent firm stance of some U.S. officials, particularly Secretary of State George Shultz, against some of the issues raised by the Philippine panel in the on-going review of the military bases agreement, has rubbed many congressmen the wrong way.

For instance, Rep Felicito Payumo (LP, Bataan), who has managed in the past to evade the question of whether or not he would favor the retention of the bases, reacted adversely to Shultz's statement that the U.S. would pull out its bases if the Philippine government should insist on unreasonable increase in rentals and that the congressional study on the alternative use of the bases, of which Payumo is one of the principal co-sponsors, is "fiction."

Payumo said that the U.S. Government has no business dictating to the Philippine Government as to what to do with the bases. "We are intelligent enough to determine what to do with the U.S. bases," Payumo said. With that statement, the U.S. Government should now be able to see clearly the handwriting on the wall, with regard to the bases issue.

Senate President Jovito Salonga, concurrent Liberal Party president, is already making obvious moves to preserve the diminishing LP bloc in the House.

During the recent trip of the joint congressional delegation to China, Salonga, head of the delegation, brought along with him the Liberal congressmen, save for Speaker Pro Tempore Antonio V. Cuenco of Cebu City who is Lakas ng Bansa vice president for Region VII.

Among the LP congressmen who were invited by Salonga to join him in the China trip were Vicente Rivera of Bulacan, Lorna V. Yap of Pasay City, Alvin Dans of Basilan, Abdusakur Tan of Sulu, Florencio Abad of Batanes, Gerardo Roxas, Jr. of Aklan, Leonardo Fugoso of Manila and Senior Assistant Majority Floor Leader Raul Daza, the leader of the LP bloc in the House.

/12232

**BULLETIN Columnist Warns Against
Communist Agitation, Cites Vietnam Parallel**
42000433c Manila MANILA BULLETIN in English
7 Jul 88 p 6

[Commentary by Orlando F. Aquino: "Vietnamese Parallel"]

[Text] If one were to draw a parallel to the insurgency problem plaguing the country today, the situation can easily be likened to South Vietnam before it fell into communist hands.

As is now happening here, the communists and their front organizations—of which there have become many—are trying to aggravate the problems so that divisions are sharpened and tensions increased so as to create a crisis (if not a revolutionary) situation.

That explains the labor restiveness and strikes in vital sectors of the economy and even in the educational system, which is being shaken further by a controversy over tuition fees—another reason for militant students to march in the streets and disrupt classes.

In the economic sector, leftists and ultranationalist elements have taken the opportunity to destabilize and discourage foreign investments as one way of "increasing poverty" and further agitating the people against the present setup.

Thus, the communist thrust in the Philippines is centered on the alleged evils of foreign investments, foreign ownership, repatriation of profit and the exploitation of labor.

We are also told that campaigns are being waged abroad, like in Australia, to "try to prevent companies from investing in the Philippines."

"Before the communists seized power in South Vietnam," according to a newsletter of the Christian Anti-Communist Crusade, "'cheap labor' in that country was a cause for international left-wing protest. Now, it is reported favorably and without one word of criticism." The communists, having gained power and to improve the economy, have "opened their arms to the foreign investment they used to oppose so passionately."

"If the Philippines is so unfortunate as to fall under the power of the local communists," the newsletter said, "it will only be a matter of time before Filipino 'cheap labor' is no longer to be condemned, but will be held up as inducement for foreign dollars. However, under communism, not only foreign investment but also the trade union movement itself, will be used as tools for the maintenance of communist power. Labor will remain cheap, and obedient."

The lead article of the same anti-communist publication is on the U.S. bases with the thought-provoking title: "For some people it is U.S. out! But we ask, 'Who Will Get In?'"

"If Subic Bay and Clark Field were to be closed, the Americans would probably fall back to Guam," the article said. Then it went on to mention the Cam Ranh Bay naval facilities of the Soviet Union, which has considerably strengthened its presence in the area.

The article took note of the fact that Vietnam now has a total armed force of 4.25-million members of which 1.26 million is active, 500,000 "semi-mobilized first-line quick reinforcement" and the rest in the "strategic rear force." This is further supplemented by a para-military force of 1.75-million members.

The Philippines suffers by comparison. Aside from numerical and even martial inferiority, our armed forces is further "weakened" by the military dissenters and political challenges of the communists and Muslim separatists who in all probability are being helped from abroad, according to the article.

"No matter how much optimism we employ, it appears to us that the Philippines is exposed, defenseless and in danger," it said.

"If we were communists," it added, "we would be rejoicing at the prospects of the closure of the American bases at Subic Bay, Clark Field and the other centers. We would be feeling that our cause in Asia is about to be immeasurably blessed.

"As we are not communists, we feel great concern for the future of freedom in the Philippines."

Food for much thought.

/9274

**Manila Columnist Criticizes Congressional
Delegation Returning From Moscow**
42000433e Manila MANILA BULLETIN in English
17 Jul 88 pp 6, 17

[Commentary by Melchor P. Aquino: "Let Us See"]

[Text] Distinguished Senators and Congressmen, who have just returned from a pilgrimage to the Soviet Union, are repeating with biblical reverence unctuous

assurances given to them by President Gromyko and other Soviet officials that the USSR is not minded to support communist insurgency in the Philippines, and that it is a cardinal principle of Soviet foreign policy to observe strict non-interference in the internal affairs of another country.

When the euphoria of their historic journey to the USSR has worn out, the eminent legislators should take a good look at the historical record. When and if they do, they would find that Soviet pledges of goodwill and non-interference are more often than not honored in the breach, not in the fulfillment.

Item. The USSR was a party to an Allied agreement, reached during World War II, to uphold, respect, and observe every nation's right to self-determination. After the war, Russia promptly and swiftly established its hegemony in Eastern Europe.

Item. Callously and blatantly running counter to its solemn pledge of non-interference in the internal affairs of Afghanistan, the USSR ruthlessly invaded that country upon the "invitation" of a puppet communist-dominated government.

Item. The Soviet Union is committed to respect the neutrality of Sweden, but it is an open secret that Soviet submarines intermittently intrude into Swedish territorial waters.

Item. The Muscovite "Partido Komunista ng Pilipinas" was reactivated last year, and reportedly proved most helpful to favored candidates in Central Luzon in the recent elections.

Item. Undenied reports have it that representatives of the Soviet Union and the Communist Party of the Philippines met not too long ago in Sydney and Canberra.

Item. Competent military sources have disclosed to the press that CPP/NDF representatives have been engaged in fund-raising and propaganda drives in Eastern Europe, which indubitably is within the Russian sphere of influence.

Item. The Soviet Embassy in Manila unabashedly has engaged in a none too subtle diplomatic and propaganda campaign to help create an unfavorable political and psychological climate for continued US military presence in the Philippines.

It must be said that Soviet diplomacy and propaganda acquired a new sheen from Senate approval of a resolution prohibiting the entry into the country of nuclear-powered and nuclear-equipped vessels and planes—and from the much-heralded trip to Russia of the star-studded Mercado mission.

It is not difficult to imagine the rousing reception received by Senator Wigberto Tanada and Senator Aquilino Pimentel Jr. at the international anti-nuclear conference in East Berlin, which they attended before proceeding to Russia. In all likelihood, their reputation as the authors of the Senate anti-nuclear resolution had preceded them. They must have stood out at the international community gathering as intrepid champions and defenders of a cause dear to the hearts of communists everywhere.

The current news of the bilateral review of the Philippine-American military bases agreement indicates that the anti-nuclear issue is central to the question of continued US military presence in the country. The US government has made it abundantly clear that the enactment into law of the Tanada-Pimentel resolution would render it extremely difficult, if not downright impossible, for US forces to operate in the Philippines. As Senate Minority Leader Juan Ponce Enrile has graphically put it, an anti-nuclear law would emasculate the bases agreement. It would prompt the withdrawal of US military facilities from the Philippines.

The Soviet Union undoubtedly would rejoice at the severance of the security arrangements between the Philippines and the United States. How long would Moscow wait to walk into the power vacuum left by US withdrawal? Would the Kremlin wait at all?

Fred Reed, a military expert, succinctly observes, "Knowing politics and little else, the politicians think in terms of politics and little else. Meanwhile, the earth shifts beneath their feet." They are oblivious to the imperatives and dynamics of geopolitics, which determine the shape of things to come.

As to the high hopes about Soviet intention of the wild-eyed pilgrims to Russia, they may be as evanescent as the morning dew. History, as a wise man said, casts its shadow ahead. Let us see.

/9274

Daily Details 'Avalanche' of Cash, Aid to President's Home Province

42000439c Manila THE MANILA CHRONICLE in English 11 Jul 88 p 7

[Article by Jo Clemente: "Tarlac Gets Shower of Cash"]

[Text] TARLAC. Tarlac—As Ferdinand Marcos showered special attention to his native Ilocos Norte, so does Corazon Aquino now to her native Tarlac.

When President Aquino campaigned for her candidate, Mariano Un. Ocampo, during the gubernatorial elections, she promised to make Tarlac the premier province in the country.

That promise is being fulfilled now. The Government is pouring an avalanche of money and assistance to her native province in a manner that would make other provinces jealous.

Some P400 million has been released to the province by the budget department. This sum will be used for the construction of a P75 million sports complex, an P85 million specialty hospital, a P20 million penal colony, P23.3 million for renovation of the provincial capital, P18 million for the renovation and repair of the Court of First Instance building which will house the provincial library, P14 million for the repair and renovation of the provincial jail which will be used by the different courts when the jail moves to the penal colony, and some P50 million for new equipment for the provincial engineer's office.

The rest will go to the construction of schools, roads and bridges.

This figure does not include the P3.7 billion Multi-Purpose Balog-Balog Dam Project here—the biggest project of the Aquino Administration, which was granted a soft loan of \$85 million by the Italian government.

The project is being undertaken by the National Irrigation Administration (NIA). Other projects being handled by the regional office of the Department of Public Works for the province are the P37 million Aquino Bridge and the P27 million Parua River Control Project in Concepcion, Tarlac.

Both Budget Secretary Guillermo Carague and NIA Administrator Federico Alday are from Tarlac.

While Camarines Sur Governor Luis Villafuerte, president of the Governors' League of the Philippines, is still complaining against the delay in the release of national funds for the provinces, those earmarked for Tarlac are already earning interest.

In a recent session of the provincial board here, Board Member Marcelino Aganon disclosed that funds released for the province have been deposited in interest-bearing accounts, among them the Development Bank of the Philippines, P54,788 million at an interest rate of 11.64 per cent for 68 days, or total interest earnings of P1,063,177.80.

The other banks where the funds have been deposited are:

Associated Bank—P14 million at an interest rate of 14.25 per cent for 60 days, for total interest earnings of P936,996; and

Land Bank of the Philippines—P20 million at an interest rate of 13.2 per cent for 124 days, for total interest earnings of P695,829.

All are reflected in the books of the provincial treasury.

A separate inquiry at the provincial treasurer's office noted that five trust-fund accounts were opened in three government banks with an aggregate total of P7.250 million earning interests of from 13 per cent to 11 per cent.

Another P23.3 million is also deposited at the Metrobank branch here.

When Secretary Carague assumed office, one of his first innovations at the Department of Budget Management was the use of private banks as depositories of government money to hasten the transfer of funds from the National Government to the provinces. He warned, however, that the money should not be placed in interest-bearing accounts to prevent corruption.

/08309

Columnist Says CAFGU, Ramos 'Bantay Bayan' Doctrine Unconstitutional

*42000418a Quezon City MALAYA in English
5 Jul 88 p 4*

[Article by Luis R. Mauricio: "A Dangerous Doctrine"; passages in boldface as published]

[Text] Just at a time that an outburst of violence and terror convulsed the nation, following the wanton killing of human rights lawyers and ambush of exponents of liberal and progressive causes, here comes Defense Secretary Fidel V. Ramos advocating a dangerous doctrine which distorts the constitutional provision meant to promote people power.

The wonder of it all is that this happens in the wake of President Aquino's announcement of a wishy-washy position with respect to the proliferation of paramilitary forces and disguised civilian home defense units specifically mandated for dismantling by the Constitution.

Two 'Civilian' Forces

The Ramos doctrine was unveiled by the former AFP chief of staff (now President Aquino's top "civilian" defense advisor) in meeting with civil leaders in Cavite City last weekend.

In that meeting, General Ramos revealed the existence of two civilian groups, ostensibly part of the national defense program to fight the communist insurgency. These are the Citizens' Armed Force Geographical Units (CAFGU) and the Civilian Volunteers Organization (or "Bantay Bayan"). The first has been existing for some time; the second is a recent creation.

General Ramos went out of his way, in that meeting, to allay public fears that the CAFGU and the Bantay Bayan might be used for terrorism and for gaining political ascendancy.

There is nothing extraordinary about these two groups, he said. Their organization is justified, he added, under the constitutional provision on the citizens' right to organize themselves to guard their community against any threat or danger.

Is that so?

Arms-Bearing Groups

Let us examine the makeup and composition of the two organizations.

The CAFGU is made up of civilians, it is true, but they are civilians allowed to carry guns, if not actually armed, by the military forces in the geographical units (barangays, towns, provinces and regions) in which they operate. CAFGU elements receive wages and other benefits from the military forces which organized them and under whose military supervision they fall.

Although General Ramos claims that the Bantay Bayan is made up of volunteer citizens who feel that they should band together for their common defense, they are in reality organizations initiated by the military and defense establishments.

By his own admission. "The recruitment of Bantay Bayan members will be strictly done on a case-to-case basis, and only those qualified will be allowed to join."

The Bantay Bayan are not supposed to be armed, but, according to General Ramos, "some of them may carry guns simply because they are duly licensed firearms holders." Who gives them the license to carry arms? the Constabulary, which is part of the military, of course.

So what difference is there between the CAFGU and the Bantay Bayan? Not much, really.

Vigilantes in Disguise

The Bantay Bayan, according to General Ramos, will "help in the maintenance of peace and order in their areas by merely gathering information for the territorial forces (which include the PC and the police), on the presence of criminal or communist insurgents."

What, then, is there left for the CAFGU to do? If the task of CAFGU were merely a duplication of the Bantay Bayan's task, either one of the other is a superfluity. This leads us to the inference that the CAFGU, whose elements are all allowed to bear arms, is nothing but a vigilante group to eliminate elements of society whom they and the military fancy to be the enemies of the state; and the Bantay Bayan its intelligence auxiliary.

It must be borne in mind that the organization of the CAFGU was announced after there arose a nationwide outcry against the abuses and acts of terrorism waged by the Alsa Masa and Sakasaka in Davao and other vigilante groups in various regions throughout the country.

Justified Fears and Suspicions

It is clear from the above discussion that public fears and suspicions engendered by the two "civilian" groups, which General Ramos attempted to allay, are, after all, not far-fetched.

What is strange is that the military and defense establishments proceeded with their organization—with the president and congress merely watching from the sidelines—notwithstanding the unvarnished fact staring at them in the face that both the CAFGU and the Bantay Bayan qualify as the paramilitary groups whose dismantling the Constitution ordained in Section 24 of its Transitory Provisions. (Art XVIII)

That section provides as follows: "Private armies and other armed groups not recognized by duly constituted authority shall be dismantled. All paramilitary forces including Civilian Home Defense Forces not consistent with the citizen armed force established in this Constitution, shall be dissolved or, where appropriate, converted into the regular force."

There is nothing in that provision which justifies the creation of the two disguised Civilian Home Defense Forces. General Ramos was aware of this, and that is why, in his meeting in Cavite City, he adverted to what he called the citizens' rights to organize themselves for their common protection to justify their existence.

Overstretching One's Fancy

There is no doubt that he had in mind Sections 15 and 16 (Role and Rights of People's Organizations) in Article XIII (on Social Justice and Human Rights).

Let us take Sec 15, which provides that "(t)he state shall respect the role of independent people's organizations to enable the people to pursue and protect, within the democratic framework their legitimate and collective interests and aspirations through peaceful and lawful means. People's organizations are bona fide associations of citizens with demonstrated capacity to promote the public interest and with identifiable leadership, membership, and structure."

General Ramos cannot find comfort in any clause of the aforementioned provision. To say that the Bantay Bayan is the people's organization mentioned in it is to stretch one's fancy to the limit. The people's organizations referred to are the cause-oriented groups with legitimate and peaceful objectives.

Much less can General Ramos derive support for his devious doctrine in Sec 16, which provides that "(t)he right of the people and their organizations to effective and reasonable participation at all levels of social, political and economic decisionmaking shall not be abridged. The State shall, by law, facilitate the establishment of adequate consultation mechanisms."

General Ramos not only insults our intelligence; he violates the Constitution with impunity.

/12232

Northern Luzon's Aguinaldo Launches Civil-Military Drive, Cites NPA Activities
42000433b Manila MANILA BULLETIN in English
3 Jul 88 p 8

[Article by Gabby Visaya]

[Text] Tuguegarao, Cagayan—The Region II peace and order council has launched a civil-military campaign against communism in an effort to counteract an ongoing regionwide propaganda of the Communist Party of the Philippines (CPP) against the government.

Gov Rodolfo E. Aguinaldo, chairman of the RPOC, told BULLETIN that he condemned the terroristic activities perpetrated by the New People's Army (NPA), particularly the burning of the elementary school building in Lasam, NIA building in Camalaniugan, both in Cagayan; and the recent attacks on the detachment of the 21st infantry battalion in Palanan, at the Ramon municipal building, and Gamu Centro, all in Isabela province.

He expressed grave concern over the plight of those who were kidnapped or abducted by the rebels. He said some of them might have been punished or killed. The latest kidnap victim was Rev Claudio Cortez, publisher of the CAGAYAN STAR and owner of La Corteza Printing Press.

/9274

Senator Maceda Contradicts Government Perception of Winning Against Insurgency
42000418f Manila THE MANILA CHRONICLE in English
1 Jul 88 p 8

[Text] Senator Ernesto Maceda, chairman of the Senate committee on defense and security, yesterday took strong exception to Malacanang's claim that the government was winning the war against insurgency.

"After 4 days of budget hearings on the proposed defense budget, the testimonies of the chiefs of the major services of the military don't give any indication that we are winning the war against the insurgents," Maceda told the CHRONICLE.

"The government's performance is improving, yes, but we're a long way off from winning the war," he added.

Press Secretary Teodoro Benigno said Wednesday that the government was winning the war against the communist rebels not only in the battlefronts but also in the campaign to win the hearts and minds of the people in the countryside.

Malacanang based its claim on reports from various regional development councils (RDCs) during the monthly meeting of the Cabinet Officers Regional Development (Cord) chaired by President Aquino.

"I doubt whether Benigno correctly interpreted the reports," Maceda said. "I have just been to Camarines Sur and Gov (Luis) Villafuerte did not say that we're winning the war against the insurgents."

He cited the number of encounters, casualties and government installations raided in recent months by communist rebels as indicators that "we're still in a war situation."

Maceda said that if the basis of Benigno's statement was the number of surrenderers, such indicator was inaccurate. "I have strong feelings that these surrenderers join these so-called mass surrenders only to avail of the benefits the government offers them," said Maceda.

He also cited the "substantial" increase in the proposed defense budget for 1989, which is being raised to P21.3 billion, or an increase of 24.7 percent from this year's P17 billion allocation.

/12232

Legal Left Predicts Continuing 'State Violence' May Force Going Underground
42000418c Quezon City MALAYA in English
7 Jul 88 p 3

[Article by Ben Evardone]

[Text] Rep Edcel Lagman (Laban, Albay) yesterday said members of the legal left might be forced to go underground because of the "continuing pattern of systematic violence against them."

Lagman made the statement after lawyer Pablito Saniad, chairman of the Free Legal Assistance Group, testified before the House Committee on Human Rights and condemned the "persecution" of human rights advocates, particularly lawyers.

Lagman, whose human rights lawyer-brother Hermon Lagman, remains missing since May 1977, said members of the legal left have no recourse but to go underground "if the trend of systematic state violence continues."

In his testimony, Sanidad said the record of violence against human rights lawyers under the Aquino government is "worse" than the record of the Marcos regime.

He said FLAG has documented a total of 24 cases of violence against human rights lawyers, including outright killings, since February 1986, compared to the 15 cases recorded during the entire term of deposed President Marcos.

Sanidad said among the latest victims of "state violence" were human rights advocates Ernesto Mendoza of Manila, Alfonso Surigao, head of the Cebu Alliance for Human Rights, and David Bueno of Ilocos Norte.

"If lawyers who are advocates of justice are victims of injustice, where will justice prevail?" Sanidad asked.

He said "the worst thing that could happen to lawyers during the Marcos regime was the issuance of Preventive Detention Action or Presidential Commitment Order but now under the Aquino government, which is supposedly democratic, the worst thing that could happen to human rights lawyers is shoot to kill."

Sanidad said some lawyers have become reluctant to handle human rights cases because of the escalation of violence against those who seek to defend the human rights of leftists.

He asked the government to take a record on human rights, and to assert the supremacy of civilian authority over the military.

Sanidad, however, charged that "the Aquino government is a captive of the rightists, particularly the military."

He cited the refusal of President Aquino to repeal Presidential Decree 1850, which provides that cases involving military men should be tried in military tribunal.

Rep Anna Dominique Coseteng (Kaiba, Quezon City), chairperson of the Committee on Human Rights, also said, "The executive should take immediate steps to put a stop to these atrocities, demonstrate a strong political will, and send a message in no uncertain terms to all agencies of government that any desecration of the people's rights would be dealt with, without a falter."

Editorial Charges 'Ideological Carnage' Approximates Argentine Situation

42000418e Manila PHILIPPINE DAILY INQUIRER
in English 7 Jul 88 p 4

[Editorial: "Ideological Carnage"]

[Text] There is at this point little hope that the ideologically motivated killings in the national capital are going to stop. What we are witnessing now is an orgy of atrocities that is steadily approximating the "dirty war" in Argentina under the generals when left-wing urban guerrillas and right-wing death squads tried to eliminate each other—and the innocents caught in the crossfire—through ambushes and abductions. In the end, neither of the extremist groups emerged the winner; everybody lost, including those "civilians" whose interests and welfare which the warring groups had, by their own perverted reasoning, claimed to uphold by bullet and torture.

What we are witnessing these days almost daily in the streets of Metro Manila is an ideological contest that can only have a consequence similar to the Argentine tragedy. The situation is now showing every potential of truly getting out of hand unless the authorities finally wake up to the need to uphold the rule of law.

By the authorities we mean specifically the civil government authorities who appear to be steadily losing control. Others who are also cloaked in authority have apparently decided to undertake their own program for eliminating insurgency in the city through the physical elimination of individuals whom they suspect to have links to the communist underground. As far as these so-called officers of the law are concerned, due process and the other components of our justice system are insufficient. For them the situation has become so grave as to warrant extreme measures. And with that decision, these so-called lawmen, too, have declared themselves to be outlaws. They have become no better than their avowed adversaries in the underground.

Many of these lawmen may not necessarily be the actual executioners. They may be investigators assigned to ideologically-motivated killings who withhold evidence and do not pursue their probes to their logical conclusion since the cases involved "just leftist troublemakers" anyway. They may be police or military officials who look the other way lest they incur the resentment of their colleagues and cause a demoralization in the ranks. They could even be civil authorities who encourage an "us against them" mentality among their constituencies, thereby exacerbating even further the growing polarization of Philippine society.

The danger in allowing these sinister forces to go about their murderous way is that when—and if—the leftists are finally eliminated, they will turn their attention to

other victims. Like the left-wing extremists they are trying to eliminate, these forces are intolerant of diversity, of reasoned debate, of the pluralism that characterize a genuine democracy.

The so-called political centrists have obviously been lulled into indifference by the fact that the recent victims of extremist attacks have been personalities linked to the left. Little do they appreciate the lessons of history. Little do they see that with each unsolved assassination, the foundations of their comfortable existence is gradually being undermined. Little do they know that they, too, are on the hit list.

Unless they resolve to stop this ideological carnage now, they would be next.

/12232

Cardinal Vidal Speaks Out Against Political Killing, 'Drawback' to Peace

42000433a Cebu City SUN STAR DAILY in English
3 Jul 88 p 4

[Excerpts] Cebu Archbishop Ricardo Cardinal Vidal yesterday said he is saddened with the recent killing of human rights lawyer Alfonso Sargao. He said the incident is a "cause for worry" since it was a "drawback" to the relative peace now experienced in the city.

"I was saddened about it because all the while I was thinking that Cebu is progressing little by little. So, when I heard about it again, I said 'here again,'" Vidal said in an interview yesterday.

As he expressed condolence to the family of the late lawyer, Vidal expressed hope that the incident would be an isolated once since "the Cebuanos are already tired of all these killings."

/9274

Growing Cebuano Influence in Government; Developments Within New Party

42000418d Manila PHILIPPINE DAILY INQUIRER
in English 3 Jul 88 p 5

[Article by Belinda Olivares-Cunanan: "The Cebuano Mafia"]

[Text] With the appointment of Marcelo B. Fernan as Chief Justice of the Supreme Court comes into focus what other regions like to call the "Cebuano Mafia" in government. Early on in the Cory Administration, there were so many Bicolanos in government, beginning with the "Little President," former Executive Secretary Joker Arroyo, that the joke was that one would think we have a Bicolana President instead of a Tarlaquena. But observers feel that the Cebuano Mafia is just as pervasive.

Justice Fernan succeeds retired Chief Justice Pedro Yap who, though born in Leyte, is considered a son of Cebu as he married a Cebuana and has his residence there. Fernan and Yap are related in that the sister of Fernan is married to Pete Yap's brother-in-law (brother of his wife), Undersecretary of Public Works Romulo del Rosario, also a Cebuano. In the Cabinet there are two Cebuanos, Education Secretary Lourdes Quisumbing and National Security Adviser Emanuel Soriano. The Senate has two Cebuano senators, John Osmena and Ernesto Herrera, and Speaker Pro Tempore Tony Cuenco in the House is from an old prominent Cebuano political family. The chairman of the Comelec is former Batasan member and ConCom delegate Hilarion Davide, whose fellow Comelec Commissioner, Andy Flores, was a former Concom delegate from Cebu.

Other prominent Cebuanos in government include Deputy director of NEDA Florante Alburo, Court of Appeals Justice Jesus Magno, and PAL Director Manoling Agustines. The military has its own fair share of Cebuanos, headed by the PC Chief, Major General Ramon Montano, and five one-star generals, namely Visayan Command chief Jesus Hermosa, 205 Wing commander of the PAF, Loven Abadia, PAF Vice Commander Romulo Querubin, First Infantry Brigade Commander Gumersindo Yap and Chief of AFP Intelligence Galileo Kintanar.

Of course if all the Cebuano-speaking officials of government were to be considered, they would number legion. The Cebuano Mafia was said to be momentarily thrown into a mild panic as the Judicial and Bar Council had submitted the names of its three nominees for the post of Chief Justice very late. Moreover, there was worry among some Cebuanos that the president might waver in appointing Fernan due to the offensive launched by Special Prosecutor Raul Gonzalez and the Anti-Graft League, which has sued for the impeachment of 14 justices of the Supreme Court. In the last week, as Yap's retirement neared, the telephone lines between Cebu and Manila were said to be burning, among the more assiduous callers being Cebu Gov. Emilio Osmena. By 2:30 p.m. last Friday, the president ended the suspense for the Cebuanos when Fernan officially got his appointment papers from Malacanang. So big is the Cebuano Mafia, in fact, that most likely his swearing-in on Monday afternoon would be transferred from the guest House to the bigger Palace ceremonial hall across.

With the formation of the new party which bills itself as the "party of Cory," there has been an erosion in the ranks of other political groups in House of Representatives. The Liberal Party, which numbered at one time over 35 is now down to over 20, and the PDP-Laban group, which used to be led by Cong Victoriano Chavez of Misamis Oriental, a protege of Sen Nene Pimentel, has also been reduced with the desertion of Chavez himself to the LDP.

This column asked Speaker Mitra recently how this would affect the present distribution of committee chairmanships in the House, and he replied that there could be a reshuffling if the members so demand it. There seems to be agitation for this from the likes of Majority Floor Leader Komong Sumulong, who predictably would like to see the LP group headed by his archrival Jovy Salonga reduced in influence in the House. Chavez has also been quoted as saying that those representatives who refuse to join the new party should not be allowed to hold onto their chairmanships.

The target of some Congressmen is obviously what some quarters feel has been the lopsided allocation of chairmanships to the LP. Right now there are five LP Chairmen, namely, Vicente Rivera of transportation; Felicitio Payumo of public works; Ciriaco Alfelor of local governments; Butch Abad of people's organizations; and Rod Valencia of housing. But a ranking LP representative argues that if there are 25 LPs out of 200 in the House, or a ratio of 1/8, with 5 LPs holding chairmanships out of the over 40 chairmanships in the House the ratio is also about 1/8.

The interesting thing is how people like Jun Rivera and Tong Payumo would react if they were made to choose between sticking it out in the LP and losing their powerful chairmanships. Rivera was heard saying that he had been under detention for 5 years in the Marcos regime because of his political convictions as a Liberal, but there are those who would still be watching his move, as well as those of the other LP chairmen.

It is not surprising that the LPs should undergo pangs of insecurity at this stage, when the new LDP is flexing muscle through the key House leaders, in preparation for its big convention scheduled for Ninoy's death anniversary of 21 August. The president, who has declined to join the party as a lot of us had predicted she would wisely do, has nonetheless accepted Mitra's invitation to keynote the occasion.

Ranking House Liberals, however, hope the Speaker would not push through with the reshuffling as they claim this would look bad for his leadership and his credibility what with the LPs being the first bloc to open up in his support during his bitter fight for the House top post last year. The feeling would be, the LP leader points out, that if the Speaker could do this to the Liberals, he can do it to anyone. Ironically says this LP leader, those now clamoring for the reshuffling had fought Mitra's bid. Chavez, for instance, had supported Tarlac's Apeng Yap while Komong Sumulong and his two powerful nephews put up a bitter fight for the Speakership. Politics is strange, indeed.

Student Leader Discusses Campus Vigilantes, 'Peace Brigades'

42000439g Sydney *TRIBUNE* in English 6 Jul 88 p 5

[Report on interview by Denis Freney with Francis de la Cruz, national vice-chairman of the League of Filipino Students, visiting Australia on a three-month exchange program sponsored by the Latrobe and Flinders universities students associations, in Sydney, 4 Jul 88: "Filipino Students Fight on Two Fronts"]

[Text] The 25,000 members of the LFS on 250 campuses are in the forefront of the struggle for educational reform and against the U.S. military bases which dominate the Philippines.

Over 90 percent of tertiary institutions in the Philippines are privately owned, many of them under the control of the Catholic Church. Students were hit this year with a 15 percent in fees.

A major target of the LFS campaign is to gain more funding for education by cutting the military budget which has increased under Aquino. "The 17 million students in the Philippines at all levels deserve more than the 250,000 military," Francis de la Cruz said.

For Filipino students, the struggle for education is integrally linked with the struggle against the U.S. bases and the domination of the local military establishment. "We also want foreign governments, including the Australian government, to redirect their military aid to the Philippines to humanitarian purposes, including education, with participation of non-governmental organisations," Francis said.

Students also bear some of the repression from the military and vigilante death squads. "Since Aquino came to power, five members of the LFS have been murdered," he said, although it still remains unclear who actually killed them.

The far-right vigilante groups, sponsored by the military and endorsed by the Aquino government, are physically patrolling campuses in the Visayas (islands in the middle of the archipelago) and Mindanao in the south. In Manila and on the northern island of Luzon, vigilante death squads are not physically present on campuses, but anti-communist groups wage psychological warfare. These include the Filipino Ideologists who trace back to the Marcos regime and far-right fundamentalist Christian groups.

In 1986, Francis de la Cruz attended a meeting at his Catholic university outside Manila held for Australian far-right propagandist Dr John Whitehall. "Our political science class went along intending to question Whitehall and vigilante leader Jun Alcover who was speaking with him.

"But when we entered the lecture room, regional military commanders were on the platform with Whitehall and soldiers were stationed around the room. To criticise Whitehall in that situation would have been suicidal," Francis de la Cruz said. Whitehall works hand-in-glove with the military in preaching his far-right, fundamentalist Christian message.

Peace Brigades

The LFS is helping prepare for the Peace Brigades which will spend a month in the Philippines during the coming Christmas holidays. Some 200 students, unionists and others are expected to go from Australia to join in protests against the U.S. bases there and in the region and to see firsthand the work of LFS and similar progressive bodies.

The Philippines Senate recently passed legislation banning the presence of nuclear weapons on Filipino soil. But the LFS and other members of the coalition opposing the bases doubt whether that will mean the U.S. forces will be driven out of their bases. "We think the government is negotiating for more money from Washington, particularly for the military, and will get around the anti-nuclear weapons legislation.

"Aquino also fears for her own security if the U.S. bases go. If she moved in that way, the next coup could be a real one," he said. The anti-bases coalition is mobilising public opinion around the country, including in towns on the outskirts of the bases.

"The U.S. Agency for International Development (AID) has suddenly begun to sink artesian wells and carry out other projects in towns near the bases, to try to win support," he said. Civil Defense Groups—vigilantes—are also active around the bases.

Generally, vigilante activity is less a problem than last year. Resistance has been strong and the vigilante groups are now fighting among themselves, "mainly over money," Francis said. But they continue to target progressive, legal organisations.

"They are attacking us because they can't beat the New People's Army in the countryside, so they choose 'soft' targets, the legal progressive organisations."

/08309

Weekly Reports Student-Government Protest Agreement

42000418g Quezon City NATIONAL MIDWEEK in English 13 Jul 88 p 42

[Text] A draft agreement on rules governing campus protests was signed by officials of the education and defense departments and student leaders belonging to the League of Filipino students and the National Union of Students of the Philippines.

The draft guarantees the students' right to engage in protest activities without harassment or interference from the military but requires them to effectively police their own ranks.

The accord replaces the Ministry of National Defense-Sotto agreement signed during the martial law regime by then Defense Minister Juan Ponce Enrile and student leader Sonia Sotto of the University of the Philippines.

The final version of the agreement will be signed by the end of June by Education Secretary Lourdes Quisumbing, Defense Secretary Fidel V. Ramos and leaders of the LFS and the NUSP.

/12232

Editorial Views Impact of Squatters, Urges Priority for Housing

42000433d Manila MANILA BULLETIN in English 7 Jul 88 p 6

[Editorial: "The Squatters Problem"]

[Text] One would think that the government reclaims land from the bay in order to provide living space for the squatters of Metro Manila. So prompt are they in setting up their hovels on the new land. In fact, the reclaimed land is not for them. One day they will be driven away or trucked off to a nearby province for resettlement. But that will not be the end of the squatter problem in this metropolis.

Even if it be true that an economic expansion is underway, that would only worsen, rather than lighten, this particular problem, because many poor people from the depressed provinces would come in search of employment and build hovels in the empty spaces for themselves and their families. A similar phenomenon is seen in the large cities of Latin America and Asia where economic dualism is most striking.

So, the alleviation of the problem can be planned, with negligible direct cost for government, by the encouragement of industry in the provinces. Less people from the southern islands, for example, would think of coming to live here if the government would encourage the establishment of the seaweed processing plants that the people have been clamoring for.

But even if the economy should grow at the rate of seven percent a year—a rate that suggests increasing employment—there would still be many squatters in the big cities. There are too many people and their numbers are increasing fast.

This suggests the need to give priority to housing for the poor. It would not matter much if the country does not have the frills of high culture as long as its poor are decently housed.

/9274

Survey Shows Economic Policies Benefit Wealthy More Than Needy

42000439h Manila BUSINESS WORLD in English
8 Jul 88 p 8

[Analysis by Nicanor C. Gabunada, associate research director at the Pulse Research Group and general manager of Media Pulse Inc.: "How Consumers Assess Their Financial Situation"]

[Excerpts] According to one newspaper report, our economy grew by about 7.6 percent in the first quarter of this year. It was the highest growth so far posted by the economy since the last quarter of 1986. Impressive, isn't it?

It is also interesting to note that in a recently published list of top 1,000 Philippine corporations in 1987, a great number of those listed were consumer-oriented companies. A number of these companies were distributors.

Our economy grew despite a decline in real exports. That is because the growth, according to NEDA, was largely spurred by domestic demand. Consumption and investment increased significantly during the period.

According to the report, investments went up about 59 percent over that of the same period last year. It was reported that it was the fastest growing component of domestic demand. Government consumption also grew significantly. And so did household consumption expenditures.

As usual, there is a dark side to this happy development. Inflation rose significantly. In fact, according to the report, inflation during the first quarter of this year was the highest since late 1986. It averaged 8.9 percent during the period.

One can take a more positive view of this development, however. For one thing, rising inflation can indicate declining unemployment or rising incomes. And that seems to be the situation here during the first quarter.

The rise in investments seems to indicate that indeed there was high demand during the period and industries are trying to catch up. I just hope the high demand for goods during the period was not an artificial one brought about by election spending. (We held our first local elections then, remember? Historically, supply of money increase during elections, especially during local elections. Demand increases. In turn, inflation also rises.)

As far as economic indicators are concerned, nearly everything seems rosy for the economy.

But how does the consumer feel about all these developments?

In the last two years, the Pulse Research Group has been asking this question in the PULSE SITUATIONER survey. Of course, the information we get is nothing more than consumers' perception of the matter. It is a crude of consumers' financial situation.

In our survey, the greater number of consumers said their financial situation during the first quarter of 1988 was the same as that of last year in the same period. Nearly 48 percent of the respondents claimed this.

This can mean that there was no change in their income or, if there was any change in their income, it was only enough to pay for any increase in their expenditures. About 22 percent said they were in a worse financial situation.

Happily, there were more people who felt they were in a better financial situation. About 28 percent of the respondents said they were better off in the first quarter this year than in the same period last year.

Interestingly, it seems that more respondents in higher economic classes experienced an improvement in their financial situation. The percentage of respondents who said their financial situation this year was better than last year's drops as one goes down social classes.

About 37 percent of the respondents in the AB economic class said they were in a better financial situation. About 32 percent of the respondents in the C class and 29 percent in the D class claimed the same thing.

Only 22 percent of the respondents in the E or extremely low class said they were better off during the first quarter than before.

In turn, the incidence of those who claimed that they were in a worse financial situation was highest in the lower income classes than in the upper income classes.

Nearly 25 percent of the E respondents said they were worse off now than before. About 22 percent of the E respondents and 20 percent of the C respondents claimed the same thing.

Only 11 percent of the AB respondents said they were in a worse financial situation than before.

A similar trend can be observed with those who said there was no improvement in their financial situation. About 44 percent of AB, 46 percent of C, 47 percent of D, and 52 percent of E respondents claimed they were in the same financial situation in the first quarter of this year as in the same period last year.

If these figures are of any indication, it seems that the wealthier members of our society benefitted the most in the recent growth in the economy. That's sad, because it is precisely the people in the lower income classes that many of the country's economic policies intended to benefit.

Of course, many of these plans are expected to bear fruit in the long term. And two years may not have been enough time.

/08309

**Charter Convention Member Views
'Unconstitutionality' of Paramilitary Forces**
42000439a Manila THE MANILA CHRONICLE in
English 9 Jul 88 p 4

[Article by Joaquin G. Bernas, S.J.: "The Unconstitutionality of All Paramilitary Forces"]

[Text] Newspapers the other day reported Secretary Ramos' defense of the existence of two paramilitary forces, the "Bantay Bayan" and the Cagui. These were organized upon the initiative of the defense and military establishment.

Ramos says these are purely voluntary organizations formed by citizens motivated solely by the constitutional right to self-defense. So, okay, with a little encouragement from the military! He further says that these are not armed, except for those who are already licensed firearm holders whose help in the maintenance of peace and order the military welcomes. He also says that the process of recruitment is judiciously done and the paramilitary forces are under the close supervision of the military.

We must assume that Secretary Ramos, one of the alter egos of the President, speaks and acts for the President who is duty bound to "ensure that the laws be faithfully executed."

The pertinent law on the subject is Section 24 of Article XVIII of the Constitution which says: "Private armies and other armed groups not recognized by duly constituted authority shall be dismantled. All paramilitary forces including Civilian Home Defense Forces not consistent with the citizen armed force established in this Constitution, shall be dissolved or, where appropriate, converted into the regular force." This is one of the Transitory Provisions, which also means provisions which require immediate implementation. It was formulated precisely to meet the threat paramilitary forces pose to human rights.

The first sentence orders the dismantling of any existing unauthorized armed groups. When this provision was discussed in the Constitutional Commission, the question was asked whether this order could be circumvented if Government recognized groups of licensed firearm holders. The answer was clear: No.

Quite obviously now, the President, acting and speaking through Secretary Ramos, thinks otherwise. Have license; join force!

The second sentence speaks of all paramilitary forces. It makes no distinction between armed and unarmed paramilitary forces, or between fully-armed and partly armed groups. And the command is that these must be dissolved or converted into the regular force.

The President now, acting and speaking through Secretary Ramos, reads the provision as meaning that paramilitary forces, after having been dissolved, should be replaced by new ones provided that these are well supervised by the military and are only partially armed.

This type of reasoning is not new. This was the reasoning behind the "guidelines" issued last year when Secretary Ramos was still chief of staff. Soon after this reasoning was disclosed by the defense establishment, an eager colonel rounded up a group of volunteers for a friendly lesson in how to maim, mangle, and kill—yes, with weapons. But General de Villa, then PC chief, blew the whistle. What has happened to de Villa's whistle?

I am not saying that citizens have no right to defend themselves. What I am saying is that the manner of citizens' defense must be rationalized. This is done, according to the Constitution, by making the vigilante concept "consistent with the citizen armed force established in this Constitution." What does that mean?

All that the Constitution says, in Article XVI, Section 4, is: "The Armed Forces of the Philippines shall be composed of a citizen armed force which shall undergo military training and serve, as may be provided by law. It shall keep a regular force necessary for the security of the State."

Simply put, this means that there will be a trained and disciplined citizens' force; it will be a force which can be activated only according to a set of laws. It will not be a force that can be activated at the call of colonels or executive officers.

But where is that law now? Nowhere.

Observers today bewail the inability of the executive arm to protect the most basic of human rights: the right to life. Meanwhile, too, while the defense establishment encourages the proliferation of vigilante groups, the legislative arm has done nothing to put teeth to the constitutional command that paramilitary forces be dismantled.

Will Congress have to wait until assassins finally succeed in murdering Dr. Prudente and more?

/08309

**Mindanao Bishop Optimistic Amidst 'Grim'
Situation in Province**

42000433f Manila THE MANILA CHRONICLE in
English 13 Jul 88 p 5

[Article by Denis Murphy]

[Text] Jesuit Bishop Federico Escaler of Ipil, Zamboanga del Sur paints a grim picture of life in Mindanao, yet he remains quietly optimistic and open. Many offer the same assessment of the situation there, but few have his hopefulness or intellectual fairness.

It's not the shallow hope of a young man. Bishop Escaler, 66, has been in the thick of the Church's justice and peace work in Mindanao as a bishop for 12 years, and has seen the worst people can do to one another.

Life hasn't changed for the people in Mindanao's barrios, he says. "The military in most of the island is as bad as ever. I wouldn't say, 'worse than ever,' and there are provinces where they have improved. But still soldiers loot, burn homes, rape, murder, and no soldier as far as I know has ever been really punished."

He says government services do not reach the barrios, and the same politicians who lorded it over the people during the Marcos years are back in power.

But it's not as bad as before, he insists. "We have officials in the departments of health and agriculture willing to help. We are free to speak and vote as we want. We admit we are partly to blame for the return of the Marcos politicians.

Despite all our work with the Basic Christian Communities maybe 85 per cent of our poor people sold their votes. There's something wrong in our training.

Bishop Escaler has other reasons for optimism: "I've headed two very poor dioceses, Kidapawan from 1976 to 1980, and Ipil from 1980 to the present. I've seen miracles happen with the help of the Holy Spirit. People unite, help one another, sacrifice for justice, live the Gospel."

He remains open to all groups including the Left, and as a result has been called a communist by some in the Church. "That's the risk of openness," he says.

In the same vein, friends say, he has always been a pragmatic man and so he is leery of black and white positions and able to change his thinking when new evidence comes in. He was after all the Jesuits' treasurer at one time, and they usually don't pick a romantic or a dogmatist for that job.

Before becoming a bishop he was also president of Xavier University in Cagayan de Oro and the Ateneo de Davao.

Oblate Father Primo Hagad said: "When he first came to Kidapawan he didn't know anything, but we took him to the barrios to see the real life of the poor and their problems, and he changed. He learned."

The Mindanao Church had a joint center for pastoral coordination, the Mindanao Sulu Pastoral Conference (MSPC) which was very successful and world-famous by the early 1980s. Then its staff was accused of having links with the Left and most bishops were eager to cut them loose. Bishop Escaler made the most serious efforts of any bishop to find solutions short of separation. He feels, "We still haven't recovered from the loss of MSPC as it was."

He says there are some National Democratic Front priests and sisters, but that most so accused are "socialists, dedicated and pro-people, not Marxists at all."

He also meets regularly with military officials and speaks highly of several generals. Despite his admiration of these generals, he thinks the armed services as a whole may be beyond the president's control, and may have no "feeling for democracy." He says the military's formation in the past helps to explain this. "The farther you go from Manila, the more everything breaks down as in the past," he says.

He is confident the Church is on the right road. He thinks the bishops are working well together as a national body and vocations are up, but he fears bishops may not involve their priests and people sufficiently in their planning and decisions. If the Church is quieter on some human rights and justice issues, it may only mean it is doing other forms of development work, including concern for ecology, he says.

/9274

Editorial Lauds PRK for Good Treatment of POWs
42000448a Bangkok *THE NATION* in English
16 Jul 88 p 8

[Editorial: "The Sooner the Better"]

[Text] It was heartening when Suvit Suthanukul, secretary-general of the National Security Council, assured the Thai public yesterday that the Thai government will try its best to win the freedom of the estimated 100 to 120 Thai citizens being held by the Kampuchean government.

Although the Thai army has been very reluctant to confirm the story and provide any information about the fate of these Thai citizens, the NSC has come forward and confirmed the existence of Thai prisoners. Never mind the exact number at the moment.

We deem it necessary that the Thai government negotiate with the Kampuchean government through an appropriate channel—the Committee of International Red Cross, if everyone agrees—to secure the release of the Thai citizens. The sooner the better.

Suvit said that a meeting is being scheduled for sometime next week of officials from concerned government agencies to study the case. We hope that they devise a coherent and comprehensive plan to deal with the issue. It is not forgotten that this will be the first time that Thailand will deal with the Vietnamese-backed government in negotiations.

The Thai captives in themselves are a sensitive issue. Furthermore, the Thai government is worried that the Kampuchean government will attach unacceptable conditions for the captives' release. Thailand and Kampuchea are neighboring countries but, given the nature of on-going Kampuchean conflict, contact between these two governments has been almost impossible.

We admire the government's courage to admit that the Thai captives, including military officials, exist after having kept the issue hidden away on the backburner for years.

We also urge the Kampuchean government for humanitarian reasons, as cited by Premier Hun Sen, that they be released without any condition to facilitate future improvement of bilateral relations between Thailand and Kampuchea. The prospect of a future settlement of the Kampuchean situation is brighter now than in the past years. It is hoped that after the Kampuchean tragedy has ended, the two countries can and will begin anew their ties.

Photos obtained by *THE NATION* also show that the Thai captives look healthy and clothed well. We are grateful for the kind treatment accorded them.

Chatichai Background, Views Examined
42000438 Bangkok *POST* in English 17 Jun 88 pp 5-6

[Article by Kanjana Spindler: "In a Soldier's Footsteps"]

[Excerpts] For the average drinker, one would think, a large bottle of XO should be more than enough to obliterate good sense, especially when it is consumed over two to three hours. A journalist's dream one might think, to get the subject to reveal all through the shroud of that amber-coloured curtain known as alcohol.

Wrong. Not if you're looking at a genuine brandy connoisseur who, despite such stimulus, is more than able to keep his sobriety remarkably intact. In fact, "Bangkok Confidential," the title of his yet-to-be-published book, was the only confidential matter then was unveiled [as published], keeping everything else heavily guarded.

Even in the informal surroundings of his residence, Deputy Prime Minister Maj-Gen Chatichai Choonhavan lives up to his public image. Minus the cigars, which he says he quit several months ago, he looks every inch the picture of the suave diplomat. Dressed impeccably in casual beige trousers and a white, long-sleeve shirt, the 69-year-old former foreign minister moves around easily in the furniture-strewn living room, the television turned on, the sound off.

He would toast to anything, lifting his glass and saying "sante!" which throughout the interview emerged as his favourite word. "You see?" he pointed to the TV set, laughing and making a salute. "Now do you believe that we're neutral?" he added when the pictures of Squadron Leader Prasong Soonsiri and Army Commander-in-Chief Gen Chavalit Yongchaiyudh flashed onto the screen. The former, as usual, was making some kind of statement; whilst the latter was doing the opposite this time around.

The one topic which didn't seem to create any apparent bravado response was the question surrounding the possibility of him being hurled into the premiership in the near future. A scenario, thus, was outlined:

Suppose Gen Chavalit's plan was to see that you become the prime minister, and, he, the defence minister so that his ultimate goal of becoming prime minister could be achieved in the end?

"It's too late for me now. I have too many physical handicaps that people don't understand. Strange, isn't it, when I was younger and more brilliant there was no work for me to do so they (the government) sent me into exile, so to speak, for 15 years as an ambassador," he replied, trying to evade the question.

What if you were forced to?

"Never. I won't accept it. Not unless the Constitution is changed. My responsibility as a party leader at the moment is already too demanding.... This time, I've already said elsewhere that the prime minister will be the same person."

So rife the rumours run. The latest one has M. R. Kukrit Pramoj having been approached by the military to become the next prime minister. Such topsy-turvy circumstances, one might think. What's more, the "Grand Guru of Suan Plu," on his recent birthday celebration, just eight days before the dissolution of Parliament, was heard saying, half-facetiously, half-matter-of-factly, to Maj-Gen Chatichai that "Pa Pin (the later Field Marshal Pin Choonhavan, his father) told me to see that you become the prime minister."

"Sante!" to that. It would seem to many people that Maj-Gen Chatichai Choonhavan has got what it takes to fit the shoes of the leader of the government—what with his totally cosmopolitan outlook, and his grasp of the modern economy and business conditions. There are, of course, those who believe otherwise, who would be dismayed at the thought. Is his image "clean" enough when it comes to allegations of corruption? He denied all such allegations, dismissing them as politically motivated smear tactics. And if, as everybody agrees, the PM is clean and if, as everybody also agrees, Maj-Gen Chatichai has become very close to Pa Prem, doesn't this also tend to confirm the deputy prime minister's denials?

Reaching a deadlock on future developments, the conversation turned back to the past. Maj-Gen Chatichai was brought up in a military environment. His father was a general himself and the relatives and neighbours in that famous Soi Rajakru where his house is still located, were mostly connected with the armed forces. After graduating from the Cadet School at the age of 19, he fought the Khmers in Surin Province. Furthering his education, he went to the United States and enrolled at the Armoured College at Fort Knox, gaining a classmate by the name of Alexander Haig, who later became US secretary-of-state and a personal friend.

At the age of 32, he became the youngest general in Thai military history. Prior to that he founded the Armoured College but later was "stripped off my rank" and sent to become an ambassador, first in Argentina for six years then, five years in Vienna and four years in Switzerland. The last post also covered Yugoslavia and the Vatican.

He was, he said, the "first" political appointee who was later given the status of "career diplomat" and upon returning to Thailand he was appointed director-general of the Ministry of Foreign Affairs' Political Department. In 1971 he became acting foreign minister during the Thanom era; in 1973 deputy prime minister in the Sanya government. During M. R. Kukrit Pramoj's premiership, he was appointed a full-fledge foreign minister in 1975,

the post which he described as being "difficult, unlike now—what with the problems of the US troops, the Vietnam War and the threatening domino theory."

One of Maj-Gen Chatichai's outstanding characteristics is his gift for conversation, provided it's off-the-record. His talent is disregarding a probing question is stunning, a sure mark of the veteran Thai politician. But when the interview changed its course to the past, his face would light up and the stories came flowing. Getting up, his hands in his trouser pockets, he tiptoed into one corner and came back with two photographs which he seemed obviously proud to show. In one, it was the young Major Chatichai sitting cross-legged, apparently in deep dialogue with the then vice-president Richard Nixon. In another, a picture of a young wedded couple—himself and Khunying Boonruan—underneath of which was written the words in Thai "love, courage and tolerance."

He talked about all his "good" friends. Sheikh Yamani who used to live in the same apartment building with him in Switzerland and whose son used to spend many winter holidays with his family. Somehow this personal friendship later proved fruitful when during the oil crisis, and Yamani's visit to Thailand "We managed to get 65,000 barrels per day from him without any problems."

Likewise, his relationship with Chu En-Lai went as far back as his father's time as his father was the one who sent the Gurami fish to Chu En-Lai. Again, the oil crisis in 1973 sent him to China at which time there was no diplomatic relationship. Some 50,000 tons of oil was imported and "a contract signed at friendship prices," he related, adding, "Even Iang Sari or Pol Pot, I knew them all since I was travelling in Cambodia. In fact, the day when Vietnam took over the country I was there but left a few hours before."

"I think our neighbouring countries—Laos, Vietnam and Kampuchea—ought to become our markets and not just buffer states," he replied to the question whether he could be more active in foreign policy, particularly with respect to a more rapid settlement with Indochina. "I think our country's situation is quite different. Whilst others have an inferiority complex having been colonised we don't have that. They want to fight the war. We want economic development. But I think Vietnam is beginning to realise the importance of our view."

"China is like the main feature of our body. Southeast Asia is its hands and feet. We have to accept that. I believe in using China to counter-balance Vietnam."

On the subject of the withdrawal of 50,000 Vietnamese troops along the border which the Prime Minister was able to negotiate in his recent trip to the Soviet Union, Maj-Gen Chatichai regarded it as a success to a certain extent. However, he maintained that "more prestigious was the fact that we are now able to talk directly to Mr Gorbachev without having to go through Mr Reagan. It's our victory. It's our trump card."

"What do you think all this means?" he kept repeating the same thought, "And we're only, what do you call it—a caretaker government? If they were not certain about it, who would have wanted to give us such a guarantee?"

As to his view on political developments in Thailand versus the military, he said that "fair play" must be considered with the fact that the military lets democracy lead the way. "This is the period when they're watching over, you know," he voiced. "They just want to see that once it has emerged from the underground democracy is really working. If it is, they will definitely stop interfering." At this point, the deputy prime minister snapped: "What else do the people want?" He then went on to tell a "joke" about two men, one of whom keeps complaining that he's "bored" with everything in this country, to which the other suggests: "Do you want a bullet to suck (as a cure)?"

He could actually be quite funny when he didn't try to tell a "joke". Like when his only son, Archarn Kraissak, a Kasetsart University political science lecturer, a radical and a song composer for his recently-formed "Zero-D" group is around. Like those stories he told of his younger days when he rode his horse onto the dance floor of the Amphon Gardens during a ball as he had no time to go home and change. Or when he "dared the devil" standing on his four-cylinder motorcycle with outstretched arms driving around the Equestrian Status of King Rama V in front of the old Parliament.

Salary

Or like when he went racing in his Mercedes in Switzerland, or skiing somewhere in the Alps. He claims he had to sell 200 rai of land, on which the Asia Pattaya Hotel now stands. "An ambassador's salary is not that much. Thailand didn't want to lose face, did we? The money was needed to cover the high living expenses and you know what was the reward?" he taunted. "Only a pair of skis when I left," he said, refusing to comment whether he had thus far been able to recoup that expenditure through other means.

Asked what are his basic ideas on politics or whether it is just his political game, the swinging deputy prime minister said: "I decided to get into politics because of the 1974 version of the Constitution which I think was the best. I don't want to be too serious with politics. I want to be a politician who has friends not enemies. Look, the prime minister wanted me to look after the Public Health Ministry, that's okay. I have had fun talking to all the doctors."

It seems the one element the major-general is most unhappy with is this present Constitution, in particular the clauses regarding the format of political parties which at present are too liberal. As a result, too many

small parties have been formed (He believes a bi-party system is most ideal). Also, the clause concerning the rights to submit a no-confidence motion is not being observed, says he.

Maj-Gen Chatichai Choonhavan is adamant about the need to change the Constitution. Asked what he foresees as a significant post-election element, he swiftly replied, "Prepare for another election, I can tell you that, because of this Constitution."

The following day after the interview he was to be photographed. Dressed in a black suit as he was to attend a funeral later, he still looked remarkably svelte. Are you, or are you not going to Thailand's next prime minister? Slowly, he confirmed his previous intention: "No, unless we have a new Constitution."

/9274

Minimum Wage May Be Increased

42000448b Bangkok BANGKOK POST in English
18 Jul 88 p 28

[Paragraph in boldface BANGKOK POST comment]

[Text] As Thailand's economy continues to shine, labour leaders are asking whether the benefits of high growth are filtering down to the workers. In the first of a two-part series, a special correspondent looks at the issue of minimum wage and social security. A subsequent article will examine the aspirations of labour leaders, what sort of policies they would like the next government to pursue and how they feel about the privatisation of state enterprises.

Rapid development in the industrial sector and pressure from labour leaders may force a change in government wage policy in the next year, according to academics studying the issue.

Thailand's four labour councils have vowed to push for a rise in the minimum wage, a measure they claim is long overdue.

A tripartite wage committee consisting of government, management and labour representatives will be asked to consider a wage increase from 73 baht a day to 80 baht a day. Union leaders are expected to press the committee for a decision before October.

But government planners may oppose the effort in keeping with their intention to promote labour incentives for foreign investors, an economic strategy they claim will spur long-term development.

The wage rise push comes at a time when the cost of living is expected to increase by 4 percent in the coming year. Wages in Thailand are some of the lowest among ASEAN countries, though Indonesia and the Philippines have similar scales.

"The Government has no explicit policy on wages, but it is understood," said a professor at the National Institute of Development Administration (NIDA). "They are trying to maintain the investment atmosphere. It is quite obvious that lower wages are an incentive to foreign investors."

At about three dollars a day, wages in Thailand are about a third of those in Hong Kong and South Korea. The lion's share of Thailand's foreign investment comes from its Asian neighbours.

"The 8 percent level of economic growth benefits only a few workers," says another source at NIDA.

Workers in the manufacturing sector and tourism may be the hardest hit by the rising cost of living.

Labour represents on average 15 percent of the cost of production in Thai industry. But an increase in the minimum wage is problematic, because even if it were to occur, there is an inadequate number of government clerks and inspectors to keep track of who is and who isn't paying the minimum wage, according to labour experts.

Statistics from the International Labour Organisation indicate that nearly a third of all Bangkok's workers receive less than the minimum wage at present. Some business sectors are notorious for neglecting the minimum wage, most notably restaurants and small textile factories.

A movement within the Government to upgrade the Department of Labour to a ministry, could supply more manpower for enforcement, say sources.

Any increase in the minimum wage would have an effect on big industries before small and medium-sized firms, according to a NIDA source.

"Big companies are dead ducks," he said. "They can't escape the law."

On the other hand small companies in Bangkok have an affinity for dodging the authorities. There are loopholes and dishonest means of influencing inspectors.

One obvious way to get around the legislation is to keep no records. Many companies in Thailand factor housing and food into the minimum wage package. This is cheating, according to a professor of Labour Law at Thammasat University, who helped write the Minimum Wage Law.

The 73 baht minimum wage law in Bangkok is for money in hand for each day worked, said Prof Nijom Chandavithun. Outside Bangkok and in ten designated industrial zones where the minimum wage is often eight baht lower, the same rule applies, he added.

Thailand's total labour force of 27 million workers is noted by foreigners for possessing great loyalty and being easy to train because of a high literacy rate. Workers, however, usually do not belong to unions and are noted as having limited bargaining power. Unions that do exist, mostly representing state enterprises, are often criticised for not making the issue of minimum wages their top priority.

This may be changing. An academic who works with the Government on wage policy says that labour unions are making a stronger case for their interest in a minimum wage rise.

The NIDA source believes that unions will make the minimum wage increase a priority after the elections. A fight may ensue because the Government views higher wages as an obstacle to economic growth.

Some academics working closely with the Government on wage issues contend that economic growth should create room for greater investments in inputs like labour. They add that it is not logical for the country to prosper at the expense of the labourer.

Still, there is a venue for bargaining. The Tripartite Wage Committee, a concept originating with the International Labour Organisation, consists of representatives from the government, employers and workers.

President of Thailand's largest union, Wattana leumabumroong, says that the committee is a good idea but also presents many obstacles because government and employer interests are mixed in the public enterprise domain. "The worker has to fight the Government and the employer at the same time, he says.

The Thai Trade Union Congress, of which Mr Wattana is president, represents 200,000 workers and 105 unions. It controls infrastructure industries that generally have more bargaining leverage than other sectors.

The labour chief says that his union will be representing all of Thailand's labourers at the bargaining table when it asks for a higher minimum wage. "Some labourers cannot organise unions."

The current minimum wage does not include any benefits or any of the most basic needs which are food, clothing, housing and medicine, says Mr Wattana.

Mr Wattana, who claims his congress has sought reduced political alignments in recent years, is critical of what he views as the government's development policy.

"If you ask the average worker about the 8 percent growth rate he will tell you nothing has improved," says Mr Wattana, "only a small group is benefiting from this growth rate.

"The Government imagines it can move the nation into the position of a newly industrialised country but first you have to have more doctors, engineers and technicians."

POLITICAL

Chronology, Mid-February Through Mid-March 1988

42000431 Hanoi VIETNAM COURIER in English
May 88 p 32

[Text]

February

15-16. M. S. Kibria, Executive Secretary of the UN Economic and Social Commission for Asia and the Pacific (ESCAP) and Special Representative of the UN Secretary General, pays a visit to Vietnam.

17-14. An Afghan Government trade delegation led by Enayat, head of the Department for Food Supply under the Ministry of Commerce, pays a visit to Vietnam.

19-25. A Swedish economic delegation led by Mrs Anita Gradin, Minister of Foreign Trade, pays a visit to Vietnam. Representatives of Swedish import-export, industrial, and banking corporations accompanying the delegation, establish contact and sign trade contracts with Vietnamese partners.

20. The Ministry of Foreign Affairs of the Socialist Republic of Vietnam issues a statement severely denouncing incursions by Chinese warships into Vietnamese waters in the Truong Sa archipelago and demanding that the Chinese authorities put an immediate end to such actions.

—The Ministry of Foreign Affairs of the Socialist Republic of Vietnam issues a statement supporting the peace initiative of the Republic of Afghanistan and the Soviet Union on the withdrawal of Soviet troops from Afghanistan; and strongly condemning acts by international reactionary forces aimed at raising obstacles to the Geneva negotiations between Afghanistan and Pakistan.

24. The Australian Government decides to grant an emergency aid of 250,000 Australian dollars to Vietnam to help overcome the consequences of typhoon Maury.

26. The Council of Ministers of Socialist Republic of Vietnam authorizes Vietnamese citizens to go abroad for certain periods of time to settle personal problems.

28 Feb—4 Mar. A delegation of the Public Health Ministry of Albania led by Minister Ahmed Camberi pays a friendship visit to Vietnam. An agreement on public-health cooperation in 1988-1990 is signed on this occasion.

29. Vientiane: Signing of a protocol on cultural cooperation for 1988 between Vietnam and Laos.

—Hanoi: The Vietnam Traditional Medicine Institute is recognized as a cooperation centre of the World Health Organization. (See Panorama in this issue)

29 Feb—2 Mar. Hanoi: Holding of a regular session of the Multilateral Coordinating Commission for Cultural, Literary and Art Research of the socialist countries.

29 Feb—7 Mar. Do Muoi, Political Bureau Member and Secretary of the CPV Central Committee, pays a visit to the Soviet Union.

March

1. Hanoi: Holding of an enlarged conference on primary health care for all. Representatives of many international organizations attend the conference and discuss international assistance to Vietnam in this field up to the year 2000.

+Hanoi: Inauguration of a centre for research on the quality of training for medical workers, built with the assistance of the World Health Organization (WHO) and the Australian Development Assistance Bureau (ADAB).

2-4. Hanoi: An extraordinary meeting of the Vietnam Episcopal Council is held to discuss the proposed canonization by the Vatican of 117 religious martyrs in Vietnam. (See article in this issue)

2-11. A Vietnamese military delegation led by Lieutenant General Doan Khue, Political Bureau member of the CPV Central Committee, Vice-Minister of National Defence and Chief of the General Staff of the Vietnam People's Army, pays an official friendship visit to Cuba.

3. Nam Dinh: Reception of aid from UNICEF for the improvement of the garden economy in Vietnam.

3-21. The 22-member Soviet football team "Dynamo Brest" joins in a friendship tournament in Vietnam.

7-11. A high-level delegation of the Indian Academy of Sciences composed of Professor M. Sharma, Vice-President of the Academy, and Professor T. N. Khoshoo, Foreign Affairs Secretary, pays a visit to Vietnam. Minutes on scientific cooperation between the Indian Academy of Sciences and the Vietnam Institute of Sciences are signed on this occasion.

11-12. Hanoi: Fifth National Congress of the Vietnam Red Cross Society. It adopts the Society's amended rules and lays down the orientation and objectives of its work for 1988-1992 and elects a 60-member Executive Committee to be chaired by Professor Nguyen Trong Nhan. On this occasion, the Council of Ministers awards the Society an Independence Order, First Class, for the achievements recorded by its 3.5 million members over the past years.

13-15. A period of national mourning is observed for Pham Hung, Political Bureau member of the Communist Party of Vietnam Central Committee, and Chairman of the Council of Ministers of the SRV, who passed away on 10 March 1988 at the age of 76. (See articles in this issue)

14. The Ministry of Foreign Affairs of the Socialist Republic of Vietnam issues a statement protesting against the shelling of two Vietnamese freighters by Chinese war vessels in the waters of the Vietnamese Truong Sa archipelago.

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ECONOMIC

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42000452a Hanoi NGHIEN CUU KINH TE in English
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BIOGRAPHIC

Information on Vietnamese Personalities

42090229 [Editorial Report] The following information on Vietnamese personalities has been extracted from Vietnamese-language sources published in Hanoi, unless otherwise indicated. Asterisked job title indicates that this is the first known press reference to this individual functioning in this capacity.

Vu Xuan Ang [VUX XUAAN ANG]

Vice minister of Foreign Affairs; on 11 May he was present at a ceremony where the new Indonesian Ambassador to the SRV presented his credentials to Vice Chairman of the State Council Nguyen Huu Tho. (Hanoi NHAN DAN 12 May 88 p 1)

Pham Bai [PHAMJ BAIS]

*Chairman of the Vietnamese Peasants Association; he was elected to this position at the first National Congress of Vietnamese Peasants held in Hanoi on 28 Mar 88. (Hanoi HANOI MOI 31 Mar 88 p 1)

Nguyen Thi Binh [NGUYEENX THIJ BINH]

Deputy Director of the Foreign Relations Department of the CPV Central Committee; on 11 May 88 she attended a conference with a DKP delegation in Hanoi. (Hanoi NHAN DAN 12 May 88 p 1)

Nguyen Hong Can [NGUYEENX HOONGF CAANR]

Vice Minister of Marine Products; his article "Building a New Managerial Pattern for the Marine Product Sector" was published in the cited source (Hanoi TAP CHI CONG SAN Jan 88 pp 35-39)

Lam Ba Chau [LAAM BAS CHAAU]

General Secretary of the Association of Vietnamese in France; on 4 May 88 he visited the Vietnam stand at the international fair in Paris. (Hanoi HANOI MOI 7 May 88 p 4)

Hoang Dinh Cau [HOANGF DINHF CAAUF]

Vice Minister of Health; on 7 Apr 88 he attended the 40th anniversary of the World Health Organization in Hanoi. (Hanoi HANOI MOI 8 Apr 88 p 1)

Ly Hai Chau [LYS HAIR CHAAU]

Director of Van Hoc Publishing House; on 20 Jun 88 he signed an agreement on joint publication work with the Embassy of India in Hanoi. (Hanoi HANOI MOI 21 Jun 88 p 1)

Do Ngoc Duong [DOOX NGOCJ ZUWOWNG]

*SRV Ambassador to Afghanistan; on 29 May 88 he met with Afghanistan's Deputy Minister of Foreign Affairs to announce the SRV troop withdrawal in 1988. (Hanoi NHAN DAN 6 Jun 88 p 1)

Nguyen Duong [NGUYEENX ZUWOWNG], Rear Admiral

Deputy Commander of the SRV People's Navy; on 31 Dec 87 he attended a ceremony to conclude the 1987 State plan and launch a campaign for the 1988 plan. (Hai Phong HAI PHONG 1 Jan 88 p 4)

Tran Thi Tam Dan [TRAANF THIJ TAAM DAN]

*Vice Chairman of the People's Committee, Hanoi Municipality; on 15, 16, Apr 88 he attended the second Congress of the Union of Scientific and Technical Associations. (Hanoi HANOI MOI 17 Apr 88 p 1)

Chau Khai Dich [CHAAU KHAIR DICHJ], *Major General

His article "Strengthening the Self-defense Militia Force" appeared in the cited source. (Hanoi QUAN DOI NHAN DAN 4 May 88 p 2)

Dinh Phu Dinh [DINH PHUS DINHJ]

Vice Minister of External Economic Relations (Bo Kinh Te Doi Ngoai in Vietnamese); recently he welcomed the Yugoslavian delegation visiting Vietnam. (Hanoi HANOI MOI 21 Jun 88 p 1)

Huynh Trung Dong [HUYNHF TRUNG DOONGF]

Chairman of the Association of Vietnamese in France; on 4 May 88 he visited the Vietnam stand at the international fair in Paris. (Hanoi HANOI MOI 7 May 88 p 4)

Truong Quang Duoc [TRUWOWNG QUANG DUWOWCJ]

*Deputy Secretary of the CPV Committee, Hai Phong Municipality; recently he visited Cai Hai District in Hai Phong. (Hai Phong HAI PHONG 5 Mar 88 p 1)

Le At Hoi [LEE AATS HOWIJ]

Vice Chairman of the People's Committee, Hanoi Municipality; on 15, 16 Apr 88 he attended the second Congress of the Union of Scientific and Technical Associations. (Hanoi HANOI MOI 17 Apr 88 p 1)

Nguyen Thi Hue [NGUYEENX THIS HUEEJ]

*Vice Chairman of the Vietnamese Peasants Association; on 28 Mar 88 she was elected to this position at the first National Congress of Vietnamese Peasants held in Hanoi. (Hanoi HANOI MOI 31 Mar 88 p 1)

Trinh Thai Hung [TRINHJ THAIS HUWNG]

Standing member of the CPV Committee, Vice Chairman of the People's Committee, Hai Phong Municipality; on 31 Dec 87 he attended a ceremony to conclude the 1987 State Plan and launch the Emulation Campaign for the 1988 plan. (Hai Phong HAI PHONG 1 Jan 88 p 4)

Phan Van Khai [PHAN VAWN KHAI]

*Chairman of the People's Committee, Ho Chi Minh City; on 16 Apr 88 he welcomed the Prime Minister of India in Ho Chi Minh City. (Hanoi HANOI MOI 17 Apr 88 p 1)

Nguyen Duc Khoat [NGUYEENX DUWCS KHOATS]

*Vice Minister of Home Trade; recently he signed a letter from the Ministry of Home Trade to the daily NHAN DAN. (Hanoi NHAN DAN 10 May 88 p 1)

Nguyen Thanh Lam [NGUYEENX THANHF LAAM]

*Vice Minister of Communication and Transportation; recently he attended a conference on sea transportation in Ho Chi Minh City. (Hanoi NHAN DAN 29 Apr 88 p 4)

Luu Van Loi [LUWU VAWN LOWIJ]

*Head of the Frontier Committee (BAN BIEEN GIOWIS in Vietnamese) of the Council of Ministers. Recently he co-chaired a news conference on the Spratly and Paracel Islands. (Hanoi NGUOI CONG GIAO VIET-NAM 8 May 88 p 1)

Nguyen Mai [NGUYEENX MAIJ]

*Standing member of the CPV Committee, Ha Noi Municipality; recently he was interviewed by HANOI MOI daily on solving the food shortage in Hanoi (Hanoi HANOI MOI 5 Jun 88 p 1)

Cam Ngoan [CAAMF NGOAN]

*Vice Chairman of the Vietnamese Peasants Association; on 28 Mar 88 he/she was elected to this position at the first National Congress of Vietnamese Peasants held in Hanoi. (Hanoi HANOI MOI 31 Mar 88 p 1)

Binh Phuong [BINHF PHUWOWNG]

*Deputy Chief of the Internal Affairs Department of the CPV Central Committee; on 9 Mar 88 he attended a meeting in Hai Phong to discuss the municipal internal affairs in 1987 and set tasks for 1988. (Hai Phong HAI PHONG 10 Mar 88 p 1)

Nguyen Van Si [NGUYEENX VAWN SIX]

Member of the CPV Central Committee; Secretary of the CPV Committee, Gia Lai-Kon Tum; recently he welcomed President of the State Council Vo Chi Cong who came to visit Gia Lai-Kon Tum. (Hanoi HANOI MOI 11 Jun 88 p 1)

Pham Song [PHAMJ SONG], Professor

Vice Minister of Public Health; on 9 Dec 87 he attended the 30th anniversary of the Traditional Medicine Association of Vietnam. (Hanoi TAP CHI Y HOC CO TRUYEN DAN TOC VIET NAM No 2 (206), 1987 p 5)

Nguyen Quang Tao [NGUYEENX QUANG TAOJ]

Deputy Director of the Foreign Relations Department of the CPV Central Committee; on 11 May 88 he attended a conference with a DKP delegation in Hanoi. (Hanoi NHAN DAN 12 May 88 p 1)

So Lay Tang [SOW LAAY TAWNG]

Deputy Secretary of the CPV Committee and Chairman of the People's Committee, Gia Lai-Kon Tum Province; recently he welcomed President of the State Council Vo Chi Cong who came to visit Gia Lai-Kon Tum. (Hanoi HANOI MOI 11 Jun 88 p 1)

Luu Quy Tan [LUWU QUYS TAAN]

SRV Ambassador to Sweden; on 2 May 1988 he concluded his tour in Sweden. (Hanoi QUAN DOI NHAN DAN 7 May 88 p 4)

Nguyen Binh Thanh [NGUYEENX BINHF THANH]

*Acting Head of the SRV Permanent Mission at the United Nations in New York; recently he signed a letter to the UN General Secretary. (Hanoi NHAN DAN 6 May 88 p 4)

Vu Thang [VUX THAWNGS]

Member of the CPV Central Committee; Secretary of the CPV Committee, Binh Tri Thien Province; on 7 Apr 88 he attended a ceremony conferring the name Le Duan to the Party School in Binh Tri Thien Province. (Hanoi NHAN DAN 9 Apr 88 p 1)

Hoang Hong That [HOANGF HOONGF THAATS]

*Vice Chairman of the Vietnamese Peasants Association; he was elected to this position at the first National Congress of Vietnamese Peasants held in Hanoi on 28 Mar 1988. (Hanoi HANOI MOI 31 Mar 88 p 1)

Nguyen Thanh tho [NGUYEENX THANHF THOW]

*Vice Chairman of the Vietnamese Peasants Association; he was elected to this position at the first National Congress of Vietnamese Peasants held in Hanoi on 28 Mar 1988. (Hanoi HANOI MOI 31 Mar 88 p 1)

Tran Van Thuc [TRAANF VAWN THUWCS]

*Standing Deputy Secretary of the CPV Committee, Hai Phong Municipality; on 9 Mar 88 he attended a meeting in Hai Phong to discuss 1987 municipal internal affairs and set goals for 1988. (Hai Phong HAI PHONG 10 Mar 88 p 1)

Le Toan [LEE TOANF]

Chairman of the Vietnam Fatherland Front, Hai Phong Municipality; on 31 Dec 87 he attended a ceremony to conclude the 1987 State Plan and launch the Emulation Campaign for the 1988 plan. (Haiphong HAI PHONG 1 Jan 88 p 4)

Le Trang [LEE TRANG]

Deputy Director of the Office of the National Assembly and the Council of State; on 11 May 88 he was present at a ceremony where the new Indonesian Ambassador to the SRV presented his credentials to the Vice Chairman of the SRV National Assembly. (Hanoi NHAN DAN 12 May 88 p 1)

Cao Van [CAO VAWN]

Standing member of the CPV Committee, Vice Chairman of the People's Committee, Hai Phong Municipality; on 31 Dec 87 he attended a ceremony to conclude the 1987 State Plan and launch the Emulation Campaign for the 1988 State plan. (Hai Phong HAI PHONG 1 Jan 88 p 4)

Le Danh Xuong [LEE ZHAN XUWOWNG]

Member of the CPV Central Committee, Secretary of the CPV Committee, Hai Phong Municipality; on 31 Dec 87 he attended a ceremony to conclude the 1987 State Plan and launch the Emulation Campaign for the 1988 State plan. (Hai Phong HAI PHONG 1 Jan 88 p 4)

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